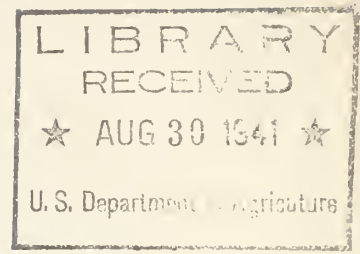


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ADDRESSEES
NATIONAL AAA CONFERENCE
WASHINGTON, D. C.
June 10, 11, 12, and 13, 1941

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

REMARKS

Grover B. Hill, Assistant Secretary of Agriculture
June 10, 1941

Friends and fellow workers: It is a real delight to me to get to come back over here and look you in the eye once more. I am mighty happy to see the look on your faces this morning. Everybody seems to have a look of confidence.

This is perhaps the most important meeting that the AAA has ever had. You have gone a long way and you have begun to accomplish some of the things you started out to accomplish. It is a time for sober thinking and for getting together and forgetting little petty jealousies, of which there have been very few in the past - but of all times we need team work today.

Now this is not going to be a good time to strike. I mean, to pull any sit-down strikes, as some men might want to. I know you don't want to. Fortunately, in our industry there are no bottlenecks and no strikes. You have done a swell job of it over the years, and it will never cease to be a point of great pride and satisfaction to me to have spent years in the AAA working with all you people, and it is a distinct disappointment to me that I am going to have to leave before the conference. I hadn't intended to do it.

I am very proud and happy, Spike, that you gave me this privilege of saying "Hello" to this group this morning. I want to congratulate you men and myself on having a leader like Spike Evans to tie to at a time like this.

Spike is kicking about my talk and says my time is up. That is one of the things that has made Spike a great leader, that he tells anybody that gets off the track how to head in.

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AAA FACES THE FUTURE

R. M. Evans, Administrator, AAA
June 10, 1941

At this critical time in the life of the Nation it is not only appropriate but urgent that we take stock of the position of the farmer and of the AAA program which is the farmer's means of protection in a war-torn world. This is no time for deceiving ourselves. Every citizen should honestly endeavor to get the facts and to look them squarely in the face. We in AAA should not and do not wish to sidestep this responsibility. We must not allow our preoccupation with the administration of the program to divert us from taking a broad view of things. We must not allow ourselves to fall into that frame of mind so common in America today, described as "business as usual," when events are moving so swiftly that they cry out for sure, swift, and wise action.

It is imperative that we take stock and that we look ahead. Let us honestly appraise this business known as AAA. It is a program given to farmers by the Congress and by the President and the Secretary of Agriculture. What have we done with it? What has been accomplished? What are our assets?

First, I think we can assert without serious danger of contradiction that the AAA program has kept the bulk of farmers in business these last 8 years, and that without AAA the backbone of American farming would have been broken through bankruptcies and foreclosures. Second, we have made a creditable start in organizing and extending conservation farming. Third, we have organized surpluses through the Ever-Normal Granary to remove some of their worst price-depressing effects and to give to the consumer a guarantee of ample supplies at all times at reasonable prices. Fourth, we just recently have reached, with our new legislation and new programs of the Department, the goal of parity for our basic commodities. Some people seem to think that parity for farmers is a form of sin, but for my part I'm willing to try it.

You may express it differently, but I think you will agree that AAA's accomplishments group themselves around these four main heads.

Now, what are our assets? First, we have an administrative organization that deals directly and personally with more than 6 million farm families. It is an effective organization whose steadily increasing efficiency demonstrates on a grand scale that you can have democracy and efficiency too. Second, we have the good will and respect of the bulk of farmers and of a considerable portion of the leaders of the people. True, we have made some enemies but we have made more friends. Strong friends and strong enemies is a mark of strength. Third, with the assistance of AAA and cooperating agencies, farmers are the best-informed large group in America on national and international affairs. Fourth, we have the first large-scale example of a working economic democracy in the world. By economic democracy, I mean the right and the means whereby the individual has an opportunity to share in decisions which affect his economic welfare.

Summing up our assets, I may say that AAA is a going concern. It has a record of achievement and it has assets of enormous value. Nearly everybody

agrees with the objectives of AAA, but some people violently disagree with the methods we have used. That is always the case in every field of public endeavor; the fighting begins when leaders develop methods. It is easy to bestow sympathy on people after they are broke, but difficult to develop understanding of and support for agencies that will keep people from going broke. Nevertheless, even our enemies agree that AAA is a force in American life with which everyone has to reckon. This imposes upon us very serious responsibilities -- responsibilities so great that we cannot take them lightly. AAA represents a great force that if used unwisely can harm and even destroy. Used intelligently and wisely, AAA can be shaped to further the finest aspirations of man.

And so I say to you now, at the end of 8 years, at the most serious time in all our American history, that AAA -- and that means you and all the committee men back home and all the farm families those committeemen represent -- we must not rest on our laurels. We cannot stand still. We must move ahead. We must take care that we do not use up time which is precious in trying to hold on to what we have. We must not fight a kind of defensive war to retain the rights, privileges, and prerogatives that the AAA program has given us. It is absolutely essential that we recognize that change is inevitable and that AAA must change with the times. Let us not resist the new but welcome it as desirable, for without progress there can be no life. AAA, like a human being, either grows or it shrivels up and dies. So we must look the future squarely in the face and consciously, deliberately, and wisely shift our AAA program as needed to enable it to weather the storms and give to our farming people and to the Nation the protection which this great public grant of power makes possible. If we fail in that, no matter how many minor skirmishes we win, we lose the great battle for agriculture.

Now let us look ahead to some of the things that face farmers and the Nation. Let us look into farm life in the broadest terms and decide what kind of farm life we want in this country. I think you will agree with me that everyone of us has the ideal of the family farm as the bulwark of our agriculture and of our democracy itself in the United States. We are agrarian. We are passionately devoted to retaining -- and I might more truly say now since so many blows have befallen us -- to regaining that fine old American ideal of farming. But let us be realistic and recognize that forces are at work which have impaired and which threaten that type of farming.

We are living through a revolution in agricultural production techniques. Machines are changing the face of our land. Machines, thank God, are making it unnecessary that we spend so much back-breaking effort to produce the food and fiber the world needs. But just as surely as the sun rises in the east, the machine on the farm is breaking up the old family-type farm. It is carrying us in the direction of larger units, and fewer owners. Is this something we want? Do we want an agriculture in this country composed of a relatively few large landowners, many of them perhaps corporations, and the bulk of farmers working for wages? Is that the end of the trail for the American farmer? I don't think so. For the sake of the peace, happiness, and prosperity of the millions of Americans living on the land, we want a wide diffusion of ownership.

But I don't think we want to try to block the development and use of

machines on the farm. It would be futile anyway. Rather, we must work out means of using the machine for socially desirable ends. We must work with it and master it, otherwise it is a blind force that will enslave us. Haven't we the brains to use the machine -- cooperatively perhaps -- so that all farmers may share in its benefits? I don't know the answer but I do raise the question, and say it presents to us in AAA a challenge.

The second thing that has been cutting into our ideal of the family type of farm is the division of farms into units so small that they are not economical. We have millions of farmers doomed to low income for no other reason than that they haven't ~~large enough farms; large enough capital to enable them~~ to live decently as American farmers ought to live. That problem is tied right up with the fact that we have surplus population on the farms. We have from 6 to 8 million people more than are needed to produce all the farm goods this country can consume and ship abroad. If we are to have a standard of farm living as good as that in Indiana, for instance, -- and I don't believe the standard in Indiana or any other State is high enough -- we would need no more than 24 million people living on the farms of this country. Instead, we have about 50 million people living on farms. That surplus farm population is very much like our army of the unemployed in the cities.

Whether in cities or on the land these millions of restless unemployed Americans challenge us to do something constructive to meet the problem they represent. It is a problem that lies at the very root of all our world troubles. For we are in a world revolution. We are passing from an age-old era of scarcity to an era of abundance made available to us by our marvelous scientific achievements in the field of production. The conflict in the world today, both within our Nation and without, is man's struggle for mastery of his own machines. These unemployed people in the cities and on the land are crumbs of the machine -- of modern large-scale production. They are what they are because our generation has not learned to live with abundance, and until mankind has learned how to do this we shall have unemployment, distress, revolution, and war.

The farmer has had more experience in living with abundance than anyone else in our society. It is as natural for a farmer to produce abundantly as it is for him to breathe. Except for crop failures, he lives in an atmosphere of abundance of everything he can produce -- except cash. Unlike our great industrial monopolies, the farmer has never deprived people of food and fiber in order to hold up price. And through the AAA program the farmer has set an example for all society by organizing surpluses into an ordered abundance that is a blessing instead of a curse. The Ever-Normal Granary with its crop insurance feature is one of the great modern achievements of mankind because it demonstrates one of the ways by which we can meet the problem of machine-made abundance scientifically and constructively.

Yet the Ever-Normal Granary is only part of the answer we are seeking. We must fashion other programs to enable us to live in this new world of plenty. We cannot be satisfied with such stop-gaps as putting the unemployed on government relief. Nor do I think such a proposal as putting people on a subsistence farming basis is the solution. This dodges the issue and would deny to these people their share in the abundance from our scientific achievements. Furthermore, agriculture alone cannot shoulder the whole burden of these unemployed,

whether of the land or of the cities, nor should agriculture be expected to do so, for it is part and parcel of our whole national problem.

Valuable as I consider the Stamp Plan to be, I do not believe it is the final answer of how to live with plenty without poverty. The Stamp Plan is a notable demonstration of the possibilities of increased domestic consumption for a large number of farm products. It is not the complete solution to the problem of underconsumption nor is it the solution to the farm problem, but it does indicate that full employment and full wages will bring about a much higher level of consumption of many farm products. The Stamp Plan has alleviated much distress. I think every farmer should be familiar with its workings and objectives, that he should give it wholehearted support, for it is an experiment that throws much light on the problems of the present and of the future.

Certainly it has focused much-needed attention on the problems of underconsumption and nutrition in this country. Those are subjects of the greatest concern to farmers, because it is the business of farmers to feed and clothe people. We are learning that proper nutrition and education spell the difference between our underprivileged people and the rest of us. The living-at-home programs of the Extension Service, made much more effective by the AAA program, and the work of the Farm Security Administration are definite attacks on the problem. So also are all the programs that improve the income of the masses of people, for poor nutrition and low income are twin evils.

Another thing we have learned is that there is a direct connection between nutrition and conservation. Impoverished soil cannot produce good food. Just as surely as poor soil makes poor people, poor soil makes poor diets. We can't go on squandering our soil, wasting its substance and its richness as in the past if we expect to have a well-nourished, strong people in the future. The Soil Conservation Service program and the AAA conservation program have come none too soon. They are insuring that we shall have continuing abundance from the land. They are not the answer to the great problem of our age, but without them no answer is possible.

In all these and many other ways we are fitting ourselves to live in the new world before us. In our zest for the new, however, we must not overlook that farm income must be maintained if farmers are to have any chance at all. Many of the programs in agriculture today would not be possible were it not for the AAA program, which supports prices and income. Some people overlook this fact. AAA has put a tent over agriculture, a protective income tent, that gives us shelter while we work out the problems that beset us. Let us be honest and acknowledge that without income protection we can't solve our farm problems. Let us not be ashamed of wanting parity income -- it is a worthy, practicable goal. It is not the solution to all our problems, but is part of it, and it will bring the rest of the solution nearer to us. I for one am confident that in the era of abundance before us farmers will receive an abundant reward for abundant production. And that, indeed, will be new.

The one thing we can all be sure of is that we cannot return to an age that is past, even though it is only a few years past. We must, and I think we shall, adjust our thinking and our ways of doing business to meet the new order that is

here. I think farmers already have done more to change their thinking and their ways of doing business than any other class of society. Less than 2 ~~years~~ ago you wheat farmers voted 4 to 1 for marketing quotas in the first national quota referendum, and possibly the most important quota referendum that has yet been held. You joined the cotton, tobacco, and peanut farmers in tackling surpluses the modern way, the AAA way. It was a magnificent tribute to the program and to the good, sound sense of farmers. Yet a few short years ago quotas and referendums would have been regarded as radical, visionary, and contrary to farmer nature. Yes, times change.

I am proud of the new methods that have come into our farming these last 8 years. AAA itself represents a big change in the traditional conduct of farming. The AAA program itself has been changed repeatedly. This has irritated farmers, and I don't blame them, but on the other hand I believe it has been a good thing for us. I think the way Corn Belt farmers accepted a reversal in policy on the matter of corn quotas this past spring is one of the finest evidences of the vitality of AAA that has ever been shown. An organization that can take such a great shift as that in stride is one that offers real hope for the stormy days ahead.

It dispels any doubt that anyone may have had as to the ability of AAA to engineer adjustments upward or downward as required for defense. The action of farmers this spring in all parts of the country in responding to the call of the Secretary for increased production in certain lines, particularly in converting the feed supplies in the Ever-Normal Granary into concentrated livestock products more rapidly than normal, should be cheering news to the whole Nation. We have been proud that agriculture is better prepared than any other industry. We can now be proud that farmers through the AAA program are making further necessary adjustments quickly and effectively to back up the defense effort.

We are determined that this Nation shall not lack for any necessary farm product for the critical days ahead. We shall see that the President and the Secretary of Agriculture have enough and more than enough food and fiber supplies at their command to use as a weapon for defense and, later, in the peace negotiations, as an instrument for building a decent world. The farmers will not let the Nation down in this time of stress, and I am confident that the Nation will not let the farmer down. As farmers and as representatives of AAA, we pledge our unlimited support to the all-out defense effort of this Nation, without any reservation whatever.

We have shown that we can change AAA as needed. We must always be careful to see that our changes add up for the good of farmers and the country. The Germans under Hitler are capitalizing this moment of our passage from an era of scarcity to an era of abundance by using the machine to dominate their own and other peoples. We are bound to resist this destructive force. Nevertheless, we must acknowledge that Hitler has sensed the new significance of the machine and has shifted the German economy to utilize it for selfish purposes. The German prostitution of the machine for evil purposes must be ended. At the same time we must learn to use our wonderful productive powers for constructive purposes. That, in a nutshell, is our problem, and it must and will be solved by democratic means.

We can adjust ourselves and our ways of doing business and yet retain the fundamentals of democracy and of private ownership. To do this I believe we must make freedom and democracy as burning a religion with our people as the ideal of the Third Reich is to the German people. Hitler offers Germans in the Third Reich the promise of an improved economic status. We have something much better, much finer. We must revive our old American ideal of this country as a land of opportunity for the common man. It is a promise that can be fulfilled, a promise of decent income as well as freedom, and it must be fulfilled if we and our ways are to survive.

We might just as well face the fact that there is an economic side to democracy as well as a political and a social side. Let us recognize that democracy means freedom plus groceries. We have put an end to translating freedom as the freedom to starve to death in the richest country in the world. Freedom and reasonable prosperity for all are within our reach for the first time. They are a heritage made possible by our brilliant achievements in science and invention. This heritage is ours for the taking, but it is not ours without a fight. That is the positive ideal of American democracy that we should place in front of us as an ideal that men will sacrifice and fight for because it is worth the price.

To farmers who, like many others, are worrying about what will happen at the end of this defense effort, let me say that we shall not have another depression like 1932. If we should go into such a tailspin we'll never come out of it until we have crashed in a revolution that will bring no man knows what. In our present-day complex economic system with centralized controls, we cannot stand a real depression. We barely averted a catastrophe the last time. But there is no need to have another severe depression. When this gigantic defense effort is over we must shift defense production into full industrial production of the goods men need and will buy. Full production, full employment, full wages that is the only solution for us and our American way of life. It is the next step ahead, and I for one am confident that we shall take it.

Whatever the future brings, you farmers have the power through the economic democracy of AAA to meet it successfully. More than that -- you can determine to a large extent what that future will be. If disaster befalls it will come because you failed to use the tools at your command.

So I say to you at this time of looking ahead and shaping the program for 1942, be alert to the future but not fearful of it. Plan changes as needed in your AAA program to fit the changing times and be courageous enough to carry them through. If you enter your work this week with such an attitude of mind, and if you and all your committeemen back home carry out your duties in such a spirit, the American farm family is due for better times.

I cannot tell you just what the changes should be but I can give you in broad perspective the general lines along which I believe our thought and activity should follow. Keeping in mind that whatever we do should fit in with the broad general program of America in its struggle for freedom, democratic control, and opportunity for all, I believe the meaning to AAA is as follows:

First, the democracy of AAA should be broadened to reach more of the small farmers, tenants, and sharecroppers. AAA committees should represent a complete cross section of agriculture.

Second, I think the organization of AAA should be tightened to make it more protective of farmers' interests. We should make our committees function more efficiently and more democratically. This will come about as committeemen become better and better informed.

Third, I think we should extend more of the benefits of AAA to the small farmers and sharecroppers. Especially since the enactment of the new 85-percent loan, I believe we can well afford and should use more of our wheat, corn, cotton, tobacco, and other payments to alleviate distress and increase the opportunities for small producers of those crops. If we want most of the farmers who till the soil to own the land they work, we should use the power of AAA to help bring this about.

Fourth, we must consider changing AAA to make it cushion the shocks mechanization has brought to many of the people on our farms. Whether this should be done by scaling down payments to big farmers and increasing them to small farmers, whether it should be done by payments that will permit groups of farmers to use machinery cooperatively, or in other ways, I do not know. I do think, however, that AAA would be unworthy of its trust if it should, with all its vast powers, fail to make every effort to see and meet and alleviate, if not completely to solve, this problem brought about by the rapid extension of machine farming.

Fifth, we should make our conservation program more positive and more thorough. As we do this, farmers will learn, and the public will learn, that land properly farmed means still fewer acres in soil-depleting crops, and this will spell abundance, too.

Sixth, always keep parity as our goal. In the new world we are entering it will not be considered wicked for the farmer to get parity.

And so I see the AAA of the future as an organization guarding farm prices and income, guarding the land for the farmer and the Nation, organizing supplies for the good of society, modifying the trend to large-scale farming, promoting shifts to economic-sized farms, improving the lot of all who farm, and helping bring about increased consumption, so essential to the functioning of our economic system. It is our means of helping our generation to build the kind of world we want.

I see the AAA of the future as a great force for the preservation of democracy. In my opinion AAA will be one of the chief means of keeping America on the right track during the next few years. Ours is a grave responsibility. We can rise to it only by facing the facts, and by acting. Let us not be afraid of the future; and let us always be an action agency.

ADDRESS

Paul H. Appleby, Under Secretary of Agriculture
June 10, 1941

In welcoming you people to this conference and thinking about the welcoming, I have been feeling the need to say vastly more than I will have time to say and vastly more than I could say if I had all the time I needed.

After a little more than 8 years in the Department, I am continually re-impressed with the great difficulty of full communication back and forth. Words mean different things to different people. The meaning is colored with personality judgments, qualified by reservations of wonderment and fear and suspicion of what was meant, concealed meanings, concern about things not said. As I say, after 8 years I am continually re-impressed with that great difficulty, and one of the things I would like to urge upon all of us is the recognition of the high purpose, the fine motive, the sincerity of all the people generally associated in the Department of Agriculture in the great and continuing cause that this Department represents. What fear and gossip and suspicion can do to the fine efforts of fine people is one of the great tragedies of mankind.

I want to endorse Spike Evans' speech, endorse it most emphatically. I would like to suggest that you take it with you and go over it from time to time, because it is a state agricultural paper of profound significance that will bear continuing study. I would like to say, too, that I believe the AAA today is at an all-time high in spirit, in effectiveness, in adjustability, in devotion to the public good.

I would like also to direct attention to the statement of the effect of war on agriculture, put out by the Bureau of Agricultural Economics, that will be distributed to you. In all your deliberations here and hereafter, it is most important that you have in the forefront of your mind all the time the transcendently important facts of the war situation. This is the biggest moment in all history. There never was a time when any people could perform a service so affecting the course of life on the planet Earth as they can here in this country now, by united devotion to the defense effort.

In all the preceding efforts at world dominion, there never was an issue so clear-cut and so fundamental, because our cultural patterns had not developed to their present form, character, and significance. Never before was the issue so clearly drawn between a humanitarian culture based on concern for the individual and a regressive and cruel barbarism, and so I want to underscore Spike's theme sentence by repeating it. It is one awfully good way of stating the issue. "The conflict in the world today, both within our Nation and without, is man's struggle for mastery of his own machines."

This political struggle and the struggle for power coincides with the emergence into a new recognition of the potentialities of men and of the possibilities for men in the world. And in the days ahead, we shall have not merely to decide this struggle of world dominion, but we shall have to address ourselves to the problem of poverty, and we shall have progressively to solve that problem if we are to go ahead in building the kind of society that we have been trying through

these decades to build. The potentialities of the masses of people are realized as never before; at the same time we realize as never before the absolute possibility of giving to all the people a decent physical means for a decent life.

The lesson of technology no longer is to be read only by the technicians. The masses can read it, have read it, and posed their needs to us for solution. And if we are going to address that situation, we certainly must have willingness to do and think new things. What we have been accustomed to think and to do has not shown the way to the solving of the problem that has emerged.

And as we think, we are going to have to ask questions that go to the very roots of our economy, the very roots of our social order - how can consumption equal our increased capacity to produce? The way we have been operating doesn't answer that question. Millions of people are still unable to buy those things that would make a decent standard of living. A great defense effort can make optimum employment, but still there will be millions of people unable to have the things that we all know they ought to have. (Some of these millions live on the land, too.) Our economy doesn't pump around the necessary buying power. Our economy operates in a descending spiral, not in an ascending spiral. It has a constant tendency to run down and we must provide a dynamic factor, for our economy and the problem of poverty must be met.

Speaking of thinking new things, I want to tell about a question propounded to me by a visitor in my office 2 or 3 weeks ago. He came in with some other people and after the others had gone, he came up and said, "I would like to ask you one question, how does Hitler do all this without money?"

And in a sense you know that is true, Hitler is doing all this without money. I hope that a great many of you get a great deal of pleasure out of reminding people over the country that Hitler is doing this without money, because our people have to be shocked into a willingness to do things in a new way. We mustn't let Hitler be the only one who knows how or finds how to do things in a new way. We must find better ways to do better things.

Everything that we do on the farm front is dependent on and limited by what is done in the management of our national economy. It wasn't possible to get 85 percent of parity 2 or 3 years ago because of our general economic situation. Farmers can get more as our economy operates better. What is done in the over-all management of our economy is an exceedingly complicated matter, and I would like to say that there is no simple solution.

On the farm front, too, it is an exceedingly complicated situation with which we deal. There is no simple cure-all. If anybody ever says to you that Paul Appleby just believes in thus and so, that this is his program, that is his base, you can know that that is just a thousand miles from the truth, because if there is anything in this world I am confident of, it is that the so-called agricultural problem has no single simple solution any more than our national economic problem has a single simple solution.

The agricultural question is not simply a question of price, it is not simply a question of less tenancy. It is not simply a question of surplus disposal. It is not simply a question of soil conservation and good land use. It is not simply a question of rehabilitation and supervision. It is not simply a question of electrification. It is not just even all of those things put together. It is all those things put together and integrated, plus other things put together and integrated on the farm front, plus an integration with other complexes of our general economy and of world conditions; and it is a matter of our continually exerting ourselves on many fronts in many ways to keep the old farm wagon going. I have said that it is not simply a question of price, and because the AAA's part in this whole attack on a continuing solution of the farm situation has very definitely to do with price, perhaps it would be as stimulating as anything else I might say to get a few additional thoughts on that particular subject.

I think I will do it by mentioning four different things. One is the remark of a farm man from a western State, who said: "I observe that some wheat farmers are not able to make money at recent prices and they are losing their farms, and I observe that some other fellows are buying farms to raise wheat because they can make money at these prices."

Another thing, a second item I would like simply to throw out as an assertion, that as our economy functions it isn't possible for the average enterpriser, the average farmer or business man, to make wages plus interest plus his profit with which to retire his capital obligation. I am throwing that out simply as an assertion in order to stimulate thinking and to challenge a good deal of the common notions about the so-called profit system, which is really a profit-and-loss system.

A third thing I want to tell about is a conversation with a former Congressman out in the Middle West who is very much the friend of our farm programs. He said to me as we were driving through his district, "Paul, the farmers in my district voted for me in the last election; people in the county seat towns are the ones that defeated me. Farmers here are very enthusiastic about the AAA. But," he said, "I would like to tell you about some conversations I have been having with some of them. They have been saying to me, 'The AAA program has just saved our lives, but we have been wondering a little bit about the time ahead when we die and our estates are settled, the AAA income will be written into the capitalization of these farms, and when the oldest boy bids in the farm from the estate, he will bid it in at a price that will fully reflect in capitalization of the farm the income brought to me by the AAA. Then he is going to have to subject himself to paying interest on four-fifths of that valuation, make a living for himself, and make a profit with which to meet that obligation, and he is going to have about as hard a time of it as we did before the AAA came along.'"

Now, the fourth item in this series of illustrations is a talk I had with one of the AAA field men out in the Middle West a couple weeks ago. We were talking along this line, and he added this item. He said, "Yes, and there is this cost of production thing too. You know over in one of these counties they conducted a very interesting study for several years on the cost of producing

hogs, and when they got through their finding ranged from \$4 a hundred to \$11 a hundred." He said, "It isn't just a matter of cost of production either."

Now the farm job--this is what I want to reiterate and emphasize--is made up of many changing things. Everything that the Department is doing today we believe is essential, and the need is for all Department people to understand better all these programs. We who have to do with Departmental administration have a feeling toward all the agencies, all the programs--and there are 138 big programs conducted by this Department--that they are all our children. Those carrying on the programs are generally amazingly fine, sincere, loyal, able people. If they could all have fuller understanding and zeal all over the front on which we are operating, what a tremendous increase in horsepower that would give us. To harness all this fine and mighty horsepower, that is our great task, ~~our~~ great challenge.

Now here in Washington that is in one aspect our job. In another aspect, it is bridging from the Department to the Government. Sometimes we hear people talking about the enormous power of the Secretary of Agriculture or the enormous power of the President. I have a man working for me, a professor of political science, a highly intelligent person that we brought on for a year on special duty, and I asked him the other day what he had learned most that he hadn't expected to learn, and he said, "The limitations on your power when there are things you know you ought to do and can't do them." Well, now, the Secretary of Agriculture is the person in whom all the forces come into focus, all the different elements of the picture. He has to delegate to his Bureau chiefs a certain amount and they each have to delegate to other people, and they have to delegate to other people, and each man must have a contribution to make. And by the time the Secretary of Agriculture takes those things into account administratively, he is limited of course.

Congress has its prerogatives, and there are 531 members there. The farm organizations, the colleges, the Democratic National Committeemen, the Governors, the processors and handlers, other branches of Government, the Ambassador to Britain, all have their needs, all have their stories to bring, and out of all that mixture of needs and prerogatives the Secretary of Agriculture must give leadership, which is an enormously difficult job. I want to say to you as my personal opinion, that Claude Wickard is doing an outstandingly able job, and further that if agriculture is to have the benefit of the leadership of a statesman in Washington in these difficult years, it will be in the person of Claude Wickard.

There are many, many things I can talk about in the straight field of administration. I would like to make just one other comment in the general policy field. That has to do with our relations with labor. There is great misunderstanding out in the country about this labor situation. It has been blown up rather unconsciously, I think, into a very substantial newspaper publicity campaign.

We must have the same sympathy for and understanding of labor that we expect other groups to have for us. In the large, strikes have not seriously impeded the defense effort. In England and Australia they haven't outlawed

strikes, and there the situation is much more acute than here. There it is recognized that this procedure of collective bargaining is one of the ways in which our kind of society can function.

Now there have been some strikes that have been communistically led and there have been some that have been very ill-advised. But labor on the whole is contending simply for the maintenance of a situation in which it can be heard and in which it can carry on collective bargaining, a flexible situation; and we in agriculture have been similarly contending and have been hoping that we could have a situation in which we could continue to adjust the things of our interest. We can't ask it for agriculture without upholding it for labor.

And with our own interests and with labor interests and with all these other interests, let me simply repeat what I said in the beginning, the defense effort is of supreme importance. It is the biggest moment in the history of the planet Earth.

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ADDRESS

Leon Henderson, Administrator
Office of Price Administration and Civilian Supply
June 10, 1941

I have no printed speech. In fact, I doubt that what I shall have to say can be denominated a speech. What I should like to do is to outline to you what is comprehended within the OPACS organization, make some few observations, and then let you ask me questions.

I think a meeting of this kind is valuable for two main purposes. One, for the Washington group to let you know what its problems and dilemmas are and to give you some idea as to what its program is to be. Second, to draw on you as to your observations and opinions, so that a strengthened program can be carried out. I have found over a period of years that there is no better way of finding out what is on peoples' minds than to allow a period of frank questioning. In other words, after I have finished with the outlined statement, I want to make this a Cotton Ed Smith committee. (In case you don't know, I was before the Committee on Agriculture and Forestry of the Senate recently, concerning my powers to fix prices, particularly those related to items made out of agricultural products, or agricultural products themselves.)

I was struck with what Paul Appleby had to say on this question of power. I expect there are times when those of us who are in Washington as temporary bureaucrats sometimes feel the sense of power. Sometimes we feel as we did when we got our second lieutenant's commission, but very little time is devoted to that. More time is devoted to the question of what your responsibilities are. We have no power in real essence that does not derive from the consent of the governed. Any time public opinion runs against a determination which a Washington bureaucrat has made, that decision is almost sure to be overturned.

The Office of Price Administration and Civilian Supply grew out of the reorganization of the National Defense Advisory Commission. In that Commission, which had seven members, the same as the commission which functioned in the last war and from which the War Industries Board was created, there was quite a change in the personnel - the types of personnel. There was an undertaking to give recognition to the importance of agriculture. There was an undertaking to give recognition to the importance of the consumer and there was an attempt made to recognize promptly what had been overlooked in the days after the declaration of war in 1914 by the Continental powers - of the impacts on our own economy of their acts.

I was assigned the topic of price stabilization, because the President knew from experience and he knew from the counsel of Mr. Baruch and others that a run-away price situation was a congealing factor on the potentials of this country to expand. I think he realized that if we are to have our true effectiveness, that it has to be in the field of production, production of all kinds of things, including agricultural products. So when the emergency deepened, the kind of emergency that calls for an organized effort, a tighter organization under OPM for the direction of the preparation of defense, the President was thinking also of the civilian end of this economy.

Let me point out that at most in the next fiscal year only between 20 and 25 percent of the production of this country will go for defense purposes. The remainder will still be civilian supply, but the priority of demand and the urgency of necessity of a defense program will bring tremendous pressures on the civilian end of our economy. In that field OPACS has certain responsibilities.

In OPACS the President brought together the Price Stabilization Division and the Consumer Protection Division which Miss Elliott had handled, and he also asked us to look after the price functions of the agricultural commissionership, which was headed, as you know, by Chester Davis. We have a Price Division, we have a Civilian Allocation Division, a Civilian Supply Division, and a Consumer Protection Division.

The Consumer Protection Division, under Miss Elliott, has the distinctly consumer interests to present in terms of supply, of allocation, of standards, of all types of price policies which will affect the consumer. The Price Administration has the work of influencing prices of all kinds, and in the administration of such price schedules of ceilings as we determine. The Civilian Allocation Division has a peculiarly thankless job. As you know, in some commodities there has been almost complete diversion by priorities for defense efforts. There is a strong, growing, potent civilian demand for the remainder. In such cases, as for example rubber, I doubt whether the existing supply, entirely apart from defense requirements, would be sufficient for the tremendous growth in purchasing power available to consumers. In a number of the metals, there will be tremendous strains. Now somebody has to determine who gets the remainder, and, what is more acute, who goes without. In other words, under our Civilian Allocation responsibility, we have the determination of the plans and programs as to the residues which are left after a priority has been taken or exercised for defense needs. And we have a general responsibility towards the stimulation of the Civilian Supply.

Now, starting with that, let me point out how it relates to the problem with which you are confronted. As you perhaps know, we joined with Secretary Wickard in the establishment of guaranteed floors for certain agricultural products. You can probably imagine that the Consumer Protection Division received the bulk of the critical impact of that determination because it was a bit puzzling to consumers that we should stand for an increase in price. I think that the community at large knows that the decision was taken in order to insure an adequate civilian supply, a civilian supply that would run not only for our own greatly enlarged needs, but for the needs of Great Britain and other great democracies. In other words, I think that there is an understanding and maybe a neutral acceptance on the part of the consumer that there is something to this idea of an insurance of supply. And I expect as we go forward that we will every week have some action which will relate to the civilian supply end.

Let me point out again that although we are a defense agency and known to be in the defense set-up, our responsibility runs mainly to the civilian end of the economy.

Now, as to the civilian allocation, which might be called civilian priorities, or, if it gets too tough, civilian rationing. There will be some commodities in which civilian rationing will be the only means of handling. Now there is a tendency to shy away from the word "rationing." We shied away from it when we set up the term "civilian allocation," because basically I believe that priorities for rationing should be treated as temporary measures, and I believe that the determination of a priority in order to give preferential treatment to defense needs is entirely warranted. In fact, I have suggested that we would go much faster and much further in order that the defense program be speeded. But at the same time I regard it as a demand, as a notice to the properly constituted authorities that something needs to be done for the expansion of that particular supply. It might come by way of conservation, in other words, a better use of the remainder, the residue. It might come from a simplification of styles. It might come from a standardization. It might come from the effective use of substitutes. There are numerous ways in which this rich and lavish country can make a more effective use of its existing supplies. But to me the priority power is one to be exercised to say, "We will take now for defense, and you fellows work out the intelligent means to prevent disrupting whole communities, prevent that from bringing about general disaster."

Let me take one case in which you people will be interested. We are at a period of deciding which of the civilian uses shall be deferred in steel. The question immediately comes what to do about agricultural implements. Now, working with the agency set up to coordinate, to handle these problems in the Department of Agriculture, we expect to work out an intelligent program so that the needs of the agricultural community can be properly met and, if adjustment has to be made, that the organization that you represent can have its proper say as to what adjustments can be made, whether by way of standardization, whether by way of simplification, deferment, or other type of adjustment. That problem will come up time and time again as far as the agricultural community is concerned.

As to price, that touches the farm community at many, many points. All of you are familiar with the contention well supported - the prices of things which farmers buy has been out of line with the prices which he has received for his own production. Most of you I would say are not familiar with the fact that I have not only accepted this, but in NRA where I was chief economist, and subsequently at other points, I have positively helped to maintain that proposition and to support efforts that would lead to a better balance in those relationships.

I want to say to you what I told the Smith committee and what I have said to different Congressmen - that I don't propose to abandon that thesis until I am shown that I am wrong or there is a Congressional determination of some other policy. I have nothing but contempt for, shall I say, temporary bureaucrats, who before they get to positions of authority, the places where their decisions count, have maintained bold thoughts, bold ideas, and then as they come to the place of responsibility, find contravening circumstances causing them to say, "Well, this isn't just the time to do that."

You know Paul Appleby made another bold statement when he invited you to think of the labor group, and, as I gather it, he identified it as having something of the same interests as yours. I had a question put to me one time in a question period which ran something like this: Will the price policy be based on correct economic procedures or will those sacred cows of the Administration, the farmer and the laborer, be allowed to run wild? And I said, that is not a question, the fellow who wrote that is making a speech, that is a one-line speech that says he doesn't like the New Deal's program for the farmer and for labor. I happen to like both of them. Out of this some 130 million people there are directly, as you know, in the agricultural-labor force and in the industrial and service labor force upwards of 60 million people. That doesn't mean persons and their families, that means 60 million people who are either engaged in or willing to engage in the production of agricultural and industrial commodities and in the various services.

I don't want to get demagogic, although at times you are pressed to it, but I doubt whether there are any more important elements in the community. If you had to pick sacred cows, which I do not admit, I don't know two that would be better in a democracy than farmers and laborers.

Now, we expect to resist over-reaching, whether it applies to agricultural commodities or whether it applies to over-reaching by transportation agencies, financial agencies, or labor groups. We face a very serious threat of inflation in this country. I don't want to be an alarmist, but I do say that there is an indifference and a carelessness about individual prices, whether for service or for a commodity. If that is allowed to run, it would mean that we would have inflation, and inflation doesn't come as a matter of all persons at one time deciding that they will raise their prices, either of their service or their commodity. It comes as a creeping matter, it comes as a raise here, as a raise there, and pretty soon costs are increased because a price to one person is a cost to another. Eventually it gets to consumer goods and you get a pyramiding, which can be very, very serious. We already know, of course, that the cost of living is bound to be increased because of the changes that have taken place in recent months, which will not be reflected until later. This means we have got a number of adjustments to make.

I should not be frank if I didn't tell you that the wage adjustments and the adjustments in the farm products prices are going to constitute additional difficulties. That is where we get you might say the grist that we have to grind. I am making no judgment. I think I have already expressed my idea on those things, but I am saying that we are going to have a tremendously difficult time with the reduction in income, with the reduction in the available amount of supply from existing stocks coming simultaneously with an increase in purchasing power.

If there is any one truism, it is that people of low income will spend their money when they get it and sometimes before they get it. What makes a potential threat of inflation is this enormous expansion in things - which everybody likes to see - expansion in payrolls, expansion in farm income, expansion in receipts of income of all kinds coming at a time with reductions in supply of some civilian goods.

We are running at the highest level in this country's history in the way of production. The amount of per capita production is higher than it has ever been. Things that we have dreamed of for many years are already here. We have got a problem in management under the democratic processes, and we may have to take pretty strict action sometimes, as we have done in hides, as we have done in cotton yarns, as we have done in steel, but we are taking them with the community's support, and it is in that area of sympathy and support that this group can be of greatest help to OPACS. If I have one request to make it is that you constitute yourselves in your communities as exponents of anti-inflation. If you do that, you can be of tremendous help to me.

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ADDRESS

J. B. Hutson, President
Commodity Credit Corporation
June 11, 1941

Men, I want first to congratulate you for being so well equipped to do the job that is yours to do. I know of no group of men, I know of no organization upon whom I had rather rely to get things done than the group that is represented here. I am going to talk this morning about defense in part and some of the relationships of the work of the AAA and the CCC and the SMA to the defense program.

I think as we look back over the period through which we are now passing, we will be inclined to divide that period, the period up to date, into about three parts. First, beginning about a year ago and extending up until about the first of January, we had the period of planning and policy forming. We had the period when we were engaged primarily on getting different points of view, of establishing policies, and of getting ready, we may say, to get organized to do the job.

During that period there were in the Advisory Commission to the Council of National Defense points of view representing major segments of our national lives. There was Chester Davis, representing the point of view of agriculture, and perhaps no man in this country was better able to represent that point of view than was Chester. We had, from an industrial policy standpoint, as you know, Ed Stettinius, who was representing and continually getting before the other people, the point of view of the man in industry. We had Mr. Knudson, a production man par excellence, perhaps the best in the country, who was bringing before the group and before the people the particular problem of getting things done in industry as contrasted with the policy questions. We had the point of view of transportation, as represented by Mr. Budd. We had the consumers' point of view with Miss Elliott, and we had Leon Henderson, whom you heard yesterday, representing the over-all Governmental point of view. And then we had the labor point of view presented and continually kept in the forefront by Mr. Sidney Hillman.

I know that many people thought the Advisory Commission should be streamlined. I doubt that a great deal more would have been accomplished if any one of these seven persons I have named had been the directing head of the organization. I doubt that such an organization would have been as much in keeping with the democratic principles of this country. You had seven coordinate units, each trying to bring in before the others and before the people of the country the points of view of the particular segments of the industry and their viewpoints with respect to the policy of organizing for defense. If any one of these people or anyone else had been able at any time to stifle the discussion and the presentation of different points of view, we perhaps would not have had as much of a contribution to the over-all thinking as we had with the Advisory Commission.

The second phase began about the first of January, with the supplanting of the Advisory Commission by other agencies. This, in a word, was the period

of organization. After the discussion and the policy making, we entered the period of organization, a little nearer to getting things done. Then it was that we had the creation of the Office of Production Management, which brought together at least three of the parts that were in the old Advisory Commission, that having to do with production and labor going into production. Both capital and labor were brought in and made a joint head for the office. Also, we have Donald Nelson, who was almost coordinate with Knudsen and Hillman, from the general field of buying and merchandise.

A little later there was created the OPACS, the organization for prices, priorities, civilian allocation, and the other things that Mr. Henderson mentioned to you. Shortly following that, there was transferred to the Department of Agriculture the agricultural segment of the work that had been previously a part of the Advisory Commission.

It seems to me that it is increasingly important that we get organized so that we can move a little faster, get a little more direct line for action. That is, as I see it, the over-all reason that this work was organized and brought together as it has been.

Now, as I see it, with this 6 months' period of organization, following the some 6 or 7 months of policy making and planning, we ought to be in shape, and I think we are in shape, to begin to turn out goods in the field of production. This has seemed to many people to be a relatively long time. We have a tremendous job ahead of us. This will probably not be a job of 1 year or 2 years; we hope it will be a job for 1 year and we hope that if it can't be done in 1 year, somehow that it can be done in 2, but yet we must recognize and plan to be able to carry on for a longer period than 2 years if the occasion requires.

Now, what has been done in this country during this period of organization and planning? A year ago we were devoting about 2 percent of the productive capacity of this country to defense needs. We are now devoting about 17 to 18 percent of all of our productive capacity to defense needs. We are now at the stage when we are really getting ready to enter into production and have reached the level that is pretty close to the level reached at the end of the last war. At that time we did not remain above 20 percent for any considerable period.

Mr. Henderson suggested yesterday that in his judgment we would not devote more than 20 to 25 percent of our productive capacity to defense. We will reach the level of around 20 percent in either July or August. By early fall we will probably be up close to 25 percent. My own judgment, for what it is worth -- and thank God this is a democracy in which each one of us can say what he thinks -- is that this 25 percent may not be enough, probably will not be enough. It is as much as has been authorized up to this time, but it may be necessary to step up defense production within the coming year to some 35 or 40 percent of our total production. If we continue to expand plants and build new plants, it would require some 6 months to a year more to get up to that 35 or 40 percent.

If we go as far as England has gone, up to 50 percent, it would perhaps require some 15 to 18 months to reach that level. Canada started somewhat

earlier than we did. Canada has now reached a point at which approximately 40 percent of their productive capacity is used for military or defense work.

We have gone during the period of preparation about as far during the first year as any other country has gone during a similar period, and have made about as great a shift, despite all of the things that have annoyed us. We have made progress, and have made almost as much progress as England did when she was in a recognized state of war.

Will 25 percent of our production capacity for defense be enough? Nobody knows. It is a matter of judgment. I just give you this to think about, and your judgment is as good as anyone else's. Germany has been using approximately half of all her productive capacity for machinery and equipment of war for some 5 or 6 years. Will we be able to match that with the present level of production? I think we shall have to match it before this thing ends, probably not in percentage but certainly in terms of equipment.

Some mistakes have been made. Mistakes are made by all people in all times. It has required longer that it should have required for our industrial leaders to become convinced that we needed more steel, more aluminum, more zinc, more of some of the other materials of war. We began to talk about this last September and October. One of the advantages of organization was that these differences in points of view could be freely expressed. This has now been recognized and steps are being taken to make these materials available. That does not mean that there is an acute shortage of materials, but we just do not have the capacity to make the necessary goods for military and civilian needs.

It is not going to hamper our defense preparations so much as it is going to hamper those of us, which includes about all of us, who like to have all of the things of life that we are accustomed to having. That is where the pinch will come. We will have enough materials to go ahead with most of the defense program.

It is perhaps requiring labor somewhat longer than it should to realize fully some of the problems that confront the country. There has been discussion of certain relatively minor changes in policy that would have to do with the manufacture of goods, particularly for defense. I am thinking specifically about the Walsh-Healy Act and the conflict between that and other acts. It is requiring longer than it should to get a general recognition of the difficulties occasioned by such conflicts.

So far as the strike situation is concerned, it has been about normal. We have just been so anxious to get things done that it seemed to us more than normal, and because of the relatively tight situation in many lines it has interfered more with production than would normally have been the case.

As farmers and representatives of farmers, we have made the same type of mistakes that the other groups have made. We were disturbed when we were first told that it was going to be necessary to make some changes in production plans, that it was going to be necessary to have less of some things and more of

others. Each of you individually knows the things that went on in your particular mind and in the minds of other people in your community. You thought about the possibility of having a very large surplus of material or commodities and getting stuck with a lot of commodities that you couldn't sell in the future.

Your thinking on that was no different from that expressed by the men in industry last fall. It was no different from that expressed by the representatives of labor. They were disturbed in the beginning when they thought about training more people for factory work; they thought as you did about your particular field, about the people who had been unemployed, the skilled people who had been unemployed in the year just past. I do want to say this, whatever we may say about labor, they were one of the first to go in and support a program for training people, skilled people, for work in industry. They were not sure that the extra people would be needed, but they moved before everyone was entirely sure. So I think that is and will remain everlastingly to the credit of labor, and I think it will remain everlastingly to the credit of farmers that it didn't take you any longer than it did to make up your minds that some changes in production were needed, and to set your machinery in motion to get these changes made.

The so-called planners in Government didn't see it . all. Last fall many believed that it would be possible to go up to some 25 or 30 percent of all of our productive capacity for defense requirements without making any sacrifice. They were close to being right - a little bit off - as most of us know now the limit is close to 20 percent. When we get much higher than this we are going to have difficulties in getting some of the things we need. What is the answer? With fuller employment we want more; increased payrolls mean a larger demand.

To illustrate; Sales of automobiles have been running 35 percent above a year ago; sales of ranges from 40 to 50 percent; sales of refrigerators from 40 to 50 percent. Other durable goods had some increase. Farm machinery went up some 5 or 6 percent. We have wanted better homes, and we have wanted better things in the home. We have increased the demand and on the other side we have not been able - it is too much to expect that we would be able - to balance all of these things immediately and just produce the particular things for which the need is greatest. We will continue to produce, at least for a time, some of the things that we do not need immediately and forego the production of some of the things that we do need immediately.

What are the immediate problems ahead for agriculture? The big problem is to produce enough of the right products on the farm, to devote the energies available for production on the farm to the production of the products most urgently needed during this period. Most of you have been telling people what these things are. It is not necessary for me to repeat them here.

What are some of the problems you are going to have in getting that done? Possibly next year if we go above this 25 percent of energies for defense we will experience some difficulties in getting enough farm machinery; we probably will not have unsurmountable difficulties this year. This does not mean that everybody will be able to buy every particular machine that they want to buy, but it does mean by and large that there will be available in this country farm machinery

for normal purchases, and in addition, in the case of certain specific items such as milking machines and items of a similar kind, perhaps substantially more than the normal requirements. Other materials used in production such as fertilizer and spray materials, so far as we can see immediately ahead, we will get through this year all right.

The nitrate situation is mixed. We purchase a considerable part of our nitrates from Chile, importing from Chile something approaching half. Most of the remainder is made from ammonia at the Hopewell plant here in Virginia, and as a byproduct of coke and steel in the manufacture of steel. Obviously, there will be an increase in the manufacture of nitrates due to the increased production in steel. There will be a decrease in spite of all we can do in the imports from Chile. How much, we don't know. It depends on how many ships are sunk going across the Atlantic, how tight the shipping situation becomes.

It is also uncertain that agriculture will get the entire output of ammonia from Hopewell plus that of the new plants that will be coming into production in the next few months. The plant at Morgantown will be ready in the very near future. Probably around the first of the year the plant will be ready at Muscle Shoals and a little bit later at Henderson, Kentucky. Other ammonia plants will be erected but they will not be turning out production in time to be available to help farmers next year. If the blueprints of the Army are followed, a considerable part of the production at Hopewell will be taken by it. This has not been the kind of war, up to this time, that would require large quantities of powder and it is possible the Army will experience no shortage. You can blow hot or cold on the nitrate problem. You can get concerned about having too much nitrate under one set of circumstances and not enough under other circumstances. This will depend upon the point of view. It is just one of the things we need to give careful attention to in agriculture.

Labor. From the reports that come to me, there probably will be some spotted difficulties in obtaining enough labor to harvest the crops this year. It will not be an acute situation. You will not have to resort this year to the same sort of measures that our neighbor to the north of us is having to resort to, because you will be going through the harvesting season with some 22 to 25 percent of your energies devoted to defense, whereas Canada is going through that period with some 40 percent of her energies devoted to defense. Canada is already using the high school boys on farms. No doubt some of the later speakers can tell you more about other things that they are doing. We might be -- and keep this in mind -- we might be at the same place next year that Canada is now in regard to labor.

A further thing that is of concern to all of us is a reasonable price policy for agriculture. Personally, I don't think that it will take much argument on your part to get production directed in and along the lines that are needed if we maintain the right kind of a price policy. Obviously, you could push production in the direction that you want to through that kind of a price mechanism. However, we probably shall have to resort to additional measures. We have elected, and wisely so, to protect the prices for producers of commodities which we will not need in the immediate future, and I refer specifically to cotton, tobacco, and wheat.

We could get along very nicely next year with some 300 million pounds less tobacco than we will produce this year, some 300 million fewer bushels of wheat, some 6 or 7 million less bales of cotton. Obviously, the producers of these commodities cannot shift quickly to other things, but I think that the action that has just been taken in the case of wheat in reducing the acreage 10 percent below the acreage that we are now harvesting is a step in the right direction. Whether the acreage should be 55 million acres, which is the figure that is out, or 50 is a debatable question. There is one very good reason, however, for making it 55, an exceedingly good reason. That is in the law. We are law-abiding people.

Unless we have a lower yield of tobacco than we have had within any year within the last 15 years, certainly within the last 10 years, we probably need to make a similar adjustment in the acreage of tobacco next year. Why? Because the productive energies are needed to produce other commodities. For example, livestock products are needed during the period ahead more than we need tobacco.

You have a similar situation in cotton. However, there is now on the statute books a limitation which would not permit the acreage of cotton to go below the level of this year. I think it would be in the interests not only of the South but of the remainder of the country and the democratic peoples everywhere if we had somewhat less cotton and more production of other things in the South in 1941. I think all of us are for such controls and other devices as are necessary to move production forces in the direction in which they are most needed. The Commodity Credit Corporation and the Surplus Marketing Administration are going to have a tremendous job to protect the price structure, and we are going to need all of the cooperation that you people can give these two agencies. Commodity Credit Corporation loans will probably reach 10 percent of the total farm production for the 1941, which will involve problems in storage and interest and release policies, will create problems affecting the AAA and the Surplus Marketing Administration.

Just a word specifically to the AAA people. These loans were authorized by Congress with the expectation that you and the other farmers would do a job not only this year and next year but until these surpluses are removed by keeping production in line with needs. That represents a wonderful degree of confidence in your organization and the challenge is yours to make good and to help maintain these controls. The Commodity Credit Corporation is just as much interested in the result of a marketing quota referendum as you people in the AAA because if the marketing quotas fail to work we shall have to ask that our capital be reimbursed because of large losses.

We shall want and expect to get your advice as to how the operations of the Commodity Credit Corporation are to be carried out. We solicit that help. You have an organization in every county and you know a lot more about how a lot of these things work than many of us here, or than any of the branch offices of the Commodity Credit Corporation will know, and I say sincerely that if something is going wrong in some particular section of the country with which you are familiar, it is your duty and responsibility to let us know. If you have some ideas that will help in improving the operations of Commodity Credit Corporation, it is your duty and responsibility to let us have them, and I can assure

you that they will be considered most carefully and thoughtfully, because none of us have any thought except trying, in the particular segment in which we are working, to do a job that will contribute to the total job that is before the people in agriculture.

There are really three parts to this action part of the farm program. There is the AAA, there is the SMA, and there is the CCC. I want the people in the Commodity Credit Corporation to feel free to make suggestions with respect to your programs if they have any. I may have some suggestions to make. I want the same relationship to exist between the CCC and the Surplus Marketing Administration. The Commodity Credit Corporation will make loans aggregating more than one billion dollars this year. The extent to which these loans are repaid will depend in large part on the success of the AAA in maintaining controls on the one hand and of the SMA in expanding consumption on the other.

The income of farmers can be increased through loans, but if the advantage is to extend over a long period supplies must be kept in line with demand. When the supply of any commodity exceeds the demand at the loan price, losses will be incurred on the loans and eventually by farmers unless either the supply is curtailed or the demand increased. It is the job of the AAA to keep supplies in line and the job of the SMA to bring about increases in consumption. We have never confronted before in this country anything that is going to require quite as much working and pulling together, and quite as much over-all effort as this job that we are just setting our hands to.

During the past 21 months we have seen people in one country after another in Europe become slaves because they were not organized, because, in some cases, of differences of points of view within the country, and, in brief, because they were not fully fitted and prepared to meet the Axis powers. In this country we have the opportunity to profit by their mistakes. We are preparing to pit our resources, our organizational ability, and our ingenuity against those of the Axis powers. We know that we have greater resources than they have. We believe that we are a more ingenious people than are the people of these countries. In civil life we have demonstrated that we have greater organizational ability, but I will tell you all of these must be applied to the task ahead of us. The odds are not so great in our favor that we can loaf and still get this job done, and the less loafing we do the quicker we will get it done. Production is going to have to be stepped up along many lines, probably many more in the farm field. Farm people are probably going to have to make sacrifices that none of us now know anything about. We are going to have to buckle down to this job. We are going to make some mistakes and we are going to produce some things we don't need, but we are going to have to accept them, protect the producer as best we can, and go ahead and not be too much concerned about it.

If we are to do this job ahead of us, if we are to maintain this democratic way of life, each of us must be ready to serve in the particular field in which he can render most effective service. We must not, any of us, be too sensitive in times like these. We must not quibble over small issues. I still believe that if we use our resources and all our abilities to the greatest possible extent and match the Axis powers, fully match them, in defense equipment,

we may be able to avoid an open conflict with them. At least we may be able to avoid a conflict that will cause any large loss of life. But I believe just as firmly, perhaps even more, that we must have this equipment, we must match them gun for gun, we must match them in every field if we are to be prepared to defend ourselves and the principles for which we stand. This we can, we must, and we will do.

BRITISH PURCHASES AND THEIR EFFECT ON FARM INCOME

Milo Perkins, Administrator, Surplus Marketing Administration

June 11, 1941

I am very glad that my good friend, Spike (Administrator Evans), gave me this chance to visit with you this morning. As a group, you have a great deal to do with the thinking and the understanding of rural America. You are so important in this world crisis that I hope you won't be modest about it.

Instead of making a speech, I simply want to talk frankly with you for a little while about our food buying for Great Britain, and how this relates to our total food-for-defense program. I want to tell you what's gone on behind the scenes these last 90 days.

When the Lend-Lease Bill was before Congress, all of us in the Department took stock to see just what would be involved -- what the passage of the act would mean in terms of money for agricultural purchases, and how those purchases could be handled so as to get the maximum effect upon farm income. We knew there was no remedy for scarcity and that we had to plan for adequate production of the foods most critically needed.

Several things in the British purchase situation were immediately apparent. The first was that we would not be able to use lend-lease funds immediately. We would have to wait until we had specific requisitions from the British. Then we would have to buy, ship to the seacoast, and have transportation bills audited before payment could be made from lend-lease funds.

It was also obvious that we could not know at once just what supplies the British would want, or when or in what quantities. Within Britain itself, there is great competition for shipping space. Every one of the supply ministries in Britain needs infinitely more shipping tonnage than is available. Ship losses through sinkings constantly complicate the picture. The British also face the problem of supplying the middle East over a line some 9,000 miles long around the southern tip of Africa. In addition to an army of around half a million men in the middle East area, the British also must provide for hundreds of thousands of Italian people in North Africa who are now their responsibility. The capture of prisoners naturally complicates the food supply problem.

Again, the picture changes when the British find that supplies they have counted on from one part of the world cannot be delivered, and they then have to call on us or on Canada for the shorter North Atlantic haul. The net result was that British food needs were a sort of motion picture, making it necessary for us to adapt ourselves to changing situations almost daily. The British Food Mission showed an extraordinary understanding of our farmers' problems during this trying period.

Now it was obvious that time was vital, if we were to handle these purchases so as to get the supplies and at the same time see that American farm producers got all possible benefit from the operation. As Secretary Wickard pointed out at the time, debating for a month about the engineering design of bombers simply meant the loss of that month, while arguing about agricultural

purchases at planting time might mean the loss of a whole production year. On the other hand, unless we could step in and buy at the right time, farmers themselves stood to lose a lot of the benefit from strengthened markets. Eggs might have gone into storage at 16 or 17 cents, as they did a year ago, and then the speculators would have reaped the profit when the heavy British demand was felt in the late spring and summer. This was also true for dairy products. We were just coming into the season of flush production, and we would not have been able to give dairy farmers full benefits unless we had made our purchasing power effective during late April and May. The same kind of reasoning applied to hogs. It was the season of the year when we wanted sows held back on the farm for breeding purposes, so that we might have increased pork production next fall and spring.

Extremely important, along with all this, was the need to move quickly in order to provide price incentives for farmers to increase production of the food commodities that would be needed, particularly livestock products. You all remember Secretary Wickard's announcement of April 3, calling upon American farmers to increase production of dairy, poultry, and pork products. Tied with this announcement was the promise of programs to support average minimum prices for our producers at the best levels that our purchase funds made possible for a 2-year period. Personally, I think this announcement of Secretary Wickard was just as important to our total defense effort as was the announcement of Secretary Knox about a two-ocean Navy. Agriculture was more afraid of having too little than it was of having too much; I wish we could say as much for other segments of our economy.

Very fortunately for agriculture and for the country as a whole, we did not have to wait until lend-lease money was actually available for disbursement. It was possible to go ahead, and we did go ahead promptly with sharply expanded buying under the food-for-defense program the day the Lend-Lease Bill passed. Not an hour was lost. The machinery for purchasing was already in operation since we had been buying around 100 million dollars' worth of food a year for our domestic distribution programs. Fortunately, the facilities of the Commodity Credit Corporation were available to the Secretary. Under its law, 90 million dollars of CCC money was made available for immediate purchase operations.

The Surplus Marketing Administration was designated as agent for the Commodity Credit Corporation to do the buying, and we were able to use this money as a sort of revolving fund. As a result, we could and did plunge right into large-scale purchases, even though we didn't have actual British requisitions. CCC will be paid back from lend-lease funds later on, of course. Starting the buying when we did meant that hundreds of millions of dollars will go back to farmers this year which, under conditions existing in the last war, would have gone to processors and speculators. I think this is very important for agriculture, and that it is a story every farmer in the country should know. We got sharp price results within 10 days of the Secretary's April 3 announcement.

The Hoover Food Administration in the last war would have given its eye-teeth for the machinery we have today in the Department of Agriculture to meet this sort of situation. Lacking our present facilities then, there wasn't much they could do about it. This time we were able to start the job at a time and

in a fashion which meant that the farmers themselves got the maximum possible benefit from our heavy April and May purchases, even though the food wasn't sent at once to England.

The fact that we have several other outlets for food we buy, in addition to transfers to Great Britain under lend-lease, made it possible for us to take more chances and operate more boldly than we could have otherwise. For instance, the school lunch program can take a lot of food supplies. So if the British don't happen to want some particular commodity we buy with their needs in mind, it can be used in the free school lunches.

There are some 9 million undernourished children in this land of plenty who are eligible for school lunches, and who could eat much more of the surpluses we buy. We have enough money to reach only half of them with only half the food they should be getting. So our attitude toward British purchases was one of saying, "We're buying this because we think you need it, but if it turns out that you don't, we have mighty good use for it among our hungry youngsters right in our own backyard." This made it possible for us to anticipate needs, and to move with a kind of assurance that would have been impossible if Britain had been the only outlet for what we were buying.

We also have our direct distribution outlets for surplus foods to public-aid families in addition to the outlets through Food Stamp Plan purchases of farm surpluses. Again the Red Cross needs considerable quantities of food supplies for shipment to refugee areas. We act as purchasing agent for the Red Cross, and have bought several million dollars' worth of food for them this year.

This kind of flexibility, with various ways to move the supplies we buy, has enabled us to reflect back to farmers a volume of income that would not have been possible otherwise. As I said before, eggs went into storage last year at 16 or 17 cents. This year we were buying at 22 cents and more, and farmers - not speculators - made the difference. The same general situation was true of dairy and pork products. These improved price levels have meant, of course, that the increased income to farmers from their entire production has been very much greater than the actual value of our purchases.

This improved farm income situation points up a fact which we have known in theory for some years, but have never before had enough money to prove in practice. We in the Department have known right along that the most important dollar we can spend on surplus removal is the last dollar spent. If we buy 20 million pounds of surplus butter, out of a 100 million pound surplus, and feed it to hungry youngsters, we have moved a little of the surplus and we may have improved nutrition, but after all we haven't done much for farm income. The only way to do anything worthwhile for farm income on a purchase operation is to purchase all the surplus, just as we lend on all the surplus basic commodities offered for our CCC loans.

When loans are set at 85 percent of parity, we make a loan at that rate to every cooperating producer who comes in on all he offers. This gives us a certain floor under farm income for these commodities. The same kind of arithmetic applies to perishable commodities. If we have enough blue chips to buy

all the surplus products offered, then somewhere along the line we buy the pound that tips the seesaw so that we have a seller's market and not a buyer's market. Given adequate funds, we can get as good a level of farm income for the nonbasic crops through purchase operations as we can for the basic ones through CCC loans. In either case, however, the Department must have enough money to deal with the whole surplus of an entire crop. The last dollar spent on the purchase of surpluses is reflected in an improved price on the entire production for the whole crop. This is the first time that we have been able to prove in action that, given adequate funds, we can get practically any reasonable level of farm income through aggressive purchase operations. I think it is very important that we understand this principle, both for the present and for the difficult post-war period. We can't any more get 85 percent of parity by buying part of the surplus than we could maintain 85 percent of parity by lending on part of the surplus.

I should like to mention right here that we have always been fully aware that surplus distribution programs are not in themselves any panacea for the whole farm problem. They are but one of several important ways of raising farm prices which are available to the Secretary of Agriculture. In the Department today we have excellent machinery for acreage control and adjustment, which is the very cornerstone of our whole farm program; we have machinery to expand domestic distribution and consumption, thereby giving our farmers a broader market and our underfed a better diet; and we have amazing machinery to stabilize prices on the less perishable crops, through our loan programs. The integration of these three approaches in the interest of adequate farm income is absolutely essential. It would be stark tragedy if they were not coordinated. Not one of the three will work singly. By working together on these three fronts, however, we can and must drive for the best possible levels of living for the American farmer who produces basic as well as nonbasic crops.

There is one development in the present situation which we must not lose sight of. Foreign markets have been closed for some of our basic crops; new demands have increased the need for other crops that we normally do not export. This means inevitable shifts in production away from crops we don't need, over to crops we do need, as Jack Hutson has just told you so clearly.

We cannot expect to effect these changes in land use overnight, but I do not think we dare permit ourselves to be slow or to poke along in driving for these critically needed production changes. This means that we must work together and work hard. We need more poultry and dairy products -- more meats, much more of all three, I'm afraid, than most of us realize. We're not going to get these changes unless we throw the whole machinery of the Department of Agriculture behind the stepping up of production of those crops we need in greater quantities. This also means a tapering off on production of the crops we don't need in this rapidly changing world situation. I hope that all of you, when you go back to your own States and counties, will hammer away on the idea of changed land use to meet the needs that lie ahead. You can't make farmers too aware of the fact that we are going to need every pound of milk and eggs that they can produce. We don't want any aluminum tragedy in American agriculture. Demand right now is rising much faster than production.

Higher pay rolls, with men back at work, are one of the most important factors in the present favorable situation for improvement in farm income for many crops -- particularly the nonbasic crops. It is possible that food sales this year will increase by a billion dollars as a result of these increased pay rolls. Many families are now able to afford eggs and milk and meats which they couldn't afford before. This increased demand on the part of our own people is undoubtedly the most important single factor in our improving farm income. It is more important that British buying, and it just so happens that it is coming along at the same time that other favorable factors are making for broader markets for our farmers. When people stop living on \$60 or \$70 a month and get \$125 a month on which to take care of their families, a pretty sizable part of that increased family income goes for food. Millions of folks are now getting that one good meal once a day that a year ago they could afford only once a week.

In connection with this question of increased consumer buying power, I am reminded of a graphic statement made at an AAA meeting last winter by a man from the University of Wisconsin. He said, "Farmers don't sell to a marketing system; they sell through it to 130 million people, and the buying power of those people is one of the most important measures of farm prosperity." We are seeing the truth of this statement at the present time. I hope we remember it in the post-war era.

There is one thing which all of us in agriculture must guard against. We mustn't permit a situation to develop where there will be a revulsion of public feeling against farmers who are only trying to protect the living standards of their own families. If the demand for meats and eggs and milk outruns supply too far, however, and prices start to shoot through the parity ceiling, there is danger of just such a situation. Farmers must avoid that in their own self-interest by stepping up production where it is critically needed. Farm income is price times the volume of production; it's smarter to produce adequately at around parity than to invite the strait jacket of price fixing which would hurt farmers worse than any other group -- and for a long time to come.

I suppose we all know pretty well by now that the present war is a war of production. Hitler got a cruel jump on the rest of the world, because he got a head-start of several years in terms of full production. There is only one way to meet this situation -- and that is to outproduce him wherever we need additional production. This thought naturally brings to the minds of farmers a second thought as to what we are going to do with this increased production when the war is over.

Personally, I don't think we need worry too much about this question now. If England wins the war, and it will be tragic for us if she doesn't, we are obviously going to need a lot of food to take care of the people of Europe for a while. If Hitler should win abruptly, we'll have worse things to worry about than a little extra cheese and a few extra eggs. After all, we can use those products in our own country, and furthermore, the Congress has indicated that it will protect farmers who step up production during this emergency.

Prior to the armament boom, if every family in this country making less than \$100 a month had eaten as much as families which do make \$100 a month, it

would have added 2 billion dollars a year to the Nation's food bill. Fortunately, the crops we need most to give decent diets to our own people are largely those that can readily be grown in accordance with conservation practices that will prevent damage to our precious soil resources.

The crops which we have been selling abroad, on the other hand, are, for the most part, soil-depleting. Because of that, and the loss of foreign markets, acreage adjustment for crops such as wheat, cotton, and tobacco is absolutely essential to the general welfare. Such adjustments bring supplies of these crops in line with market demands, and help to achieve a balance between soil-depleting and soil-conserving crops.

A different situation exists with respect to dairy and poultry products, meats, and most of the fruits and vegetables, however. The term "surpluses," as applied to these foods, is actually a smug, polite name for a shocking amount of underconsumption. More of them should be produced on the lands now in export crops which no longer can be sold in an overseas market. It will take time and it won't be easy, but it will give agriculture a lasting stability.

Furthermore, I do not believe we are ever going back to a world of heavy farm foreclosures, of terrific surpluses in the face of want, or to a world in which young people will be shut out from their opportunity to be useful. As a people, we are either going to learn how to live with the power age, or we are going back to the wolf stage. A mass production civilization that remains commodity-rich but consumption-poor simply can't survive. The world of tomorrow must be a world in which surpluses will be used and not hoarded. They can be used to raise living standards for common folks everywhere, and that's the way in which they should be used. If we do that, we shall win the Battle of the Peace. Otherwise, the overthrow of Hitler will be an empty victory.

Here is one last thought I want to throw out to you before I stop speaking. In every civilization of the past, bar none, if you took the most that it was possible to produce and divided it among all who were alive to share it, the answer was always a poor standard of living. Within your lifetime and mine, however, we have entered an era dominated by the machine and the test tube in which, if we produced all that we could and divided it among the people who are here to share it, we would come out with a very good standard of living for the first time in all history. That's the most important material thing that's happened to the human race since the discovery of fire and the invention of the wheel.

In the years ahead we must think first in terms of goods, of our productive capacities, and of the unsatisfied human wants that offer our farmers and our businessmen a tremendous untapped market. We must think secondly of a money system which will make it possible for us to use and distribute what we've learned how to produce. We've already made a lot of progress in this direction. Money must become more and more the servant of mass production and mass distribution, and less and less its master. Otherwise, our economy will explode in our faces. Whether we like it or not, that's one of the necessities of our power age.

An economic earthquake has shaken the world and it will never be the same world that it was. It can, of course, become a very much better one. The

answers to its complicated problems, however, are not going to be black or white, as the dictators would have their peoples believe. They are going to be light gray or dark gray in specific cases, and only by free public discussion can we determine which. Understanding is our best armor against demagogues who know that it's easier to frighten a thousand people than it is to educate one.

That's where we come in as individuals. Having thought the matter through, we can vigorously oppose every policy, every action that slows down our productive capacity in every field where more goods are needed. And, conversely, we can aggressively support every policy, every action that has as its goal the using of our total resources to the utmost. We've got to make this fight as individuals in our own environments, where our own influence is greatest. That's a personal responsibility which we cannot escape and go on living with ourselves. No generation ever faced a more dramatic challenge than this that faces us. Everything we treasure is at stake. Only timidity can defeat us, but I don't believe we've got that kind of blood in our veins -- not in this kind of world.

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REMARKS

E. D. Smith, of South Carolina
Chairman, Committee on Agriculture and Forestry,
United States Senate
June 11, 1941

Ladies and gentlemen, it is an unusual thing for one who is a member of that body of the Cave of the Winds up here to even pretend to make a speech. I am glad to see you all gathered here under the misnomer of agriculture. I just wonder how many of you there are that do know a cotton stalk from a Jimson weed.

I am glad to be here because I really see symptoms that they are beginning to appreciate the fact that agriculture is an indispensable element in our organized life. I heard a Senator the other day decry the rise in farm products. Yes - I suggested to him that he stay out of the restaurant. That is the filling station of humanity and we furnish the wherewith. It to me is the greatest wonder that the average man, not the farmer but the average man, looks upon farmers as a sort of necessary evil that feeds him and furnishes the wherewith, the raw materials out of which his clothing is made. Outside of that he isn't worth considering. And we accept it, oh yes. We are the most hopeful people on God's earth. If hope was money we would be the richest people in the world.

Hope. Down in my section the dry weather is having a seesaw in farm products. I just wonder how many really appreciate the difficulties that a farmer has in making his crops. I think the real facts are covered in a story that I am going to tell you and then I will let these gentlemen speak whose hearts are breaking to get up before you.

Well, the relation of the farmer to the balance of the world is all contained in a story of the mythical ages when animals are alleged to have spoken and men to have conversed with them. A certain hound was after a rabbit and the rabbit was doing all he could. He knew when the hound got him he would eat him, and little bunnies had put out every effort. He passed some men and they took off their hats and shouted, "Run rabbit, run." And the rabbit said, "Hell, I am doing the best I can. Stop those damned dogs."

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REMARKS

John H. Bankhead, of Alabama
Member, Committee on Agriculture and Forestry
United States Senate
June 11, 1941

My friends, I am pleased to have this privilege. The Senate Committee on Agriculture, of which our great friend here is chairman, has a meeting called at 10 o'clock this morning. It is almost that time now. So we can't stay, he and I particularly, very long. We ought to get back to that meeting.

Reference has been made here to the fact that the chairman of the Senate and the House Committees on agriculture are both from the great State of South Carolina. From that statement you may understand the difficulties of some of us who serve on one of these committees. If those two great men would be together all the time, the rest of us would slide along with ease and comfort, but at times the great trouble is, with their strong wills, getting them together.

Senator Smith has said that I was anxious to speak. I assume that after hearing his speech you can readily discern where the anxiety to speak rests. He is noted as being the greatest campaign stump speaker in all America. After listening to him and remembering that there are quite a number of people in the good old State down there who can't read and write, I am sure you can understand why he has been elected six times continuously. He is a great old scout, my friends. I love to work with him. I take orders from him a large part of the time. I do it all the time when I like his orders. I enjoy working with him because I know sincerely and earnestly his heart is with the farmers of this country.

Now I haven't time to go into the philosophies of any of our legislative programs. I think it would be needless with this audience of intelligent, active workers in behalf of rural life. I was present at the birth of the original AAA and took some little active part, as you remember, in the passage of that law. I was here when the Supreme Court condemned it. I went on the floor of the Senate the second day after the decision was rendered, and denounced that decision as being the most ignorant one that ever was rendered by a great judicial court, and my statement there has been proven to be true. I was present and took an active part, as did the other two men here, Senator Smith and Mr. Fulmer, in the writing of the AAA of 1938. After those bills were worked out by the Committee we went into a conference committee of the two Houses and worked continuously for about 30 days on the bill which was finally passed and is now on the statute books. I mention that because I understand that most of you in some way are connected with the AAA.

I will not take more of your time. I see Mr. Fulmer getting restless. Senator Smith knows him better than I do and he has predicted that he wants to speak. So I don't want to deprive him of that pleasure. I want his personal good will.

In conclusion, I merely wish to renew the expression that it gives me very great pleasure to come here and present myself as an exhibit, as Mr. Evans said you people want to look us over - so you have had the chance. I am glad the lights are not too bright, but, at any rate, you have my good will and my best wishes in the performance of your active and at times difficult duties in the administration of our various agricultural programs.

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REMARKS

Hampton P. Fulmer, of South Carolina
Chairman, Committee on Agriculture
House of Representatives
June 11, 1941

Mr. Chairman, Senators, and my friends:

I want to say to you that it is a real pleasure for me to meet with you this morning and take just a minute or two of your time in speaking to you and with you. I want to congratulate you gentlemen on the fine work that you have been doing in carrying out the legislation passed by the Congress. The responsibility rests largely with men of your type in the agricultural States to see to it that these bills are properly administered so as to get out of them for that class of people we are trying to represent that which they are clearly entitled to.

It may be of interest to you to know that I was the former Congressman that introduced and passed the first Agricultural Adjustment Act. I had legislation along that line and when the bill came to a showdown, Marvin, for some reason--it may be that he was just a little fearful that the bill wouldn't do just what it had in mind--said to me, "Congressman, you have been working on this legislation, suppose you take charge of it," and I introduced the final draft that became a law. It was found unconstitutional by a Supreme Court which, so far as I am concerned, apparently was not so interested in or friendly toward agriculture. One of the excuses for finding this wonderful piece of legislation unconstitutional was on the ground that agriculture is a local problem. Now you know and I know that that is ridiculous. Agriculture is not only a national but an international problem.

I am sure that every one of you, along with me, are happy that we are living in this great country of ours, and we all realize the wonderful possibilities of this country in becoming the savior of the rest of the world. But I want to speak to you frankly, my friends, that if this great country of ours with more resources than any other country in the world, the richest country in the world, does not seriously realize that agriculture is the backbone of democracy and that a good, well-rounded and well-balanced agriculture is necessary to have a well-balanced and a well-rounded national program, then this country, like other countries, will fail.

Now, we have a number of important pieces of legislation before the Congress, and it may be that we will have hard sledding because not all the Members of Congress are interested in agriculture and they believe that any bill that would authorize an appropriation, or any appropriation proposed by the Congress to help agriculture, should be delayed because of the tremendous amounts that we are putting in our national defense. I want to say to you, my friends, at this moment those of us who are interested in agriculture are living in a period when we have a wonderful opportunity to bring agriculture into its own, and as I stated a moment ago, a well-balanced and sound agriculture, a prosperous rural section of this country, will be the life of this democracy.

I appreciate the fact that you people are deeply interested, and those of us who feel great responsibility for rendering that type of service to that great un-organized class of people who need representation in the Congress of the United States will join in trying to put over constructive legislation, so that we may be able to put that class of people in line with all other groups which apparently have been able to come to Congress and get that which they are interested in. I appreciate this privilege and am might~~y~~ glad to be with you this morning.

REMARKS

Edward A. O'Neal, President
American Farm Bureau Federation
June 11, 1941

Thank you, Spike, and my fellow farmers and friends. Wherever Congress goes I always go, and that is the reason I am over here this morning. They are fine friends if you stay with them, and I am sure you feel the same way.

I am happy to be here and look at your faces. You men are doing a great piece of work. You have a great responsibility and as far as I am concerned we are trying to put more responsibility on you and give you more to do out there in helping to solve the agricultural problem.

I just want to make this one observation, that I feel just as Mr. Fulmer said. I have worked many years for farmers in my organization, and I frankly feel today that I am happy in the fact that there is a greater recognition of agriculture and its position in our democracy than I have ever known. We have made great progress and we have got a lot yet to do, and I think while the iron is hot, while Senator Smith's old hound is sort of diverted and running off in the bushes looking for something and not for the agricultural rabbit, is the time to go forward with these programs on a permanent basis.

I well recall, as many of you gentlemen do, what happened in the other World War period. I think right now is the time, not wait until disasters strike us all after the war period, to put agriculture and its programs on a permanent basis, and I am sure that you men will, I know you will.

I want to say to you that I appreciate the cooperation that you have given us. It is a hard job to pass a farm bill in Congress. I think, Spike, you will agree with me, you can hold your fingers up and the major farm bills that have been passed, at least in my lifetime, are less than the fingers you have on your hands. It is a difficult job.

While the iron is hot and while Ed Smith's hound is running off in the bushes over here, let's establish ourselves on a permanent basis. That is my desire, and I believe you fellows are with us. I know you are. I want to thank you for the fine work you are doing out there and I can assure you that I will do anything in the world that I can or that my organization can to strengthen your position for effective work with the millions of farmers.

Spike, in closing, as you know, when I get with these other groups, the Army or the Navy groups and all the other groups, I say that after all, under the program that we have had since 1933, we are the best prepared crowd in the United States to defend democracy in America and in the world, by jinks! Thank you very much.

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REMARKS

M. Clifford Townsend, Director,
Office of Agricultural Defense Relations
June 11, 1941

Mr. Chairman and gentlemen:

My father-in-law told me when I put out the first little crop of tobacco I would never live that down, and, although I quit some time ago growing it, I still hear about it.

I was invited about 3 months ago to come down to OPM and have worked there in both their production and labor divisions, and I doubt very much whether I would have had courage to accept the Secretary's invitation to come over here had I not had the 3 months' experience in OPM. I say that for this reason: While I have been actively interested in agriculture and especially in organized agriculture for 20 years, I failed, I think, to realize its ability until I heard businessmen talk about it, and I heard this thing said on more than one occasion, that if the other groups of our society were in as adequate a position as agriculture, their job would be so much easier. And so when the Secretary invited me to this responsibility and told me carefully of the organization that existed in his Department and in agriculture generally that could do the job, well, I said, probably it would be safe to assume the responsibility.

We divided our office, which Mr. Hutson has said is a policy-making and a liaison department, into four divisions: Production, labor, machinery and equipment, and transportation and storage. The production end will be your job, not ours. And when I know and think of your organization and think what a tremendous job that would have been 8 or 10 years ago, I feel safe about that end - production. If you want more eggs, you can get them with the help of the Department and the Government. If you want more pork you will get it, and that is the part you like. You have been working on the other end of it for a long time, the disagreeable part; this part is agreeable.

I have been working in Indiana with your group. I know the efficient organization you have, I know it is an organization that is down in the township, down where the farmers are. There are going to be a lot of readjustments, they are going to come rapidly, neither you nor I know what tomorrow will bring, but thanks to your organization down in the township if any readjustment is necessary, you can take them down and not only get action but get an understanding that is so important in a democracy. We are depending on you. I know you will not fail.

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REMARKS

Clarence Cannon, of Missouri,
Chairman, Subcommittee on Agriculture Appropriations
House of Representatives
June 12, 1941

I am wondering if some of the delegates have been visiting on the Hill and are emulating precedents observed there, as I note a number are not in their seats at this early hour. It is true a number of vacant seats are sometimes to be found in both the House and the Senate, but that is one of the few Congressional examples which we don't necessarily encourage you to follow.

It is a great privilege to participate in your program this morning and to have the opportunity of association and conference with this exceptional body of men. Your presence here in representative capacity is in furtherance of a fundamental principle in American democracy -- democracy in business as well as in government. The Triple-A is democracy in the purest acceptance of the term; it is self-government, it is local self-government. You are here this morning exemplifying that important principle which we are all trying to drive home these days, the practice of economic democracy as well as political democracy. We have achieved political democracy in America, but have not yet fully attained the objectives of economic democracy, and you men, the flower of American agriculture, carefully selected, representing every section of the Nation, meeting here under the Triple-A, are a long step forward toward the realization of that ideal. In that respect you constitute one of the most important groups, with opportunities for greater service to the country, than any similar group of men recently assembled on such a mission.

In the minute or two that has been so graciously given me, I trust you will permit me to be rather practical. I would like to touch briefly on a subject not ordinarily found on our agendas, but particularly pertinent just at this time. In that connection, may I invite attention to one or two phases of our farm problems brought out vividly in this session of Congress.

In the first place, the success and the prosperity of American agriculture is being determined, not on the farm, not in the field, but up here on the Hill in Congress. We have been demonstrating conclusively in the last few weeks -- a fact long ago self-evident -- that Congress can make and unmake, and has been making and unmaking American agriculture and with it the standard of living on the American farm. For example, you are here by virtue of law. You hold your position under legislation enacted by the Congress. Your functions, your duties, and your prerogatives are all established there on the Hill, and farm practices, the farm income, and the future course and destiny of the great industry which you represent, depend on legislation passed up there on the Hill.

We have long since abandoned laissez faire. Congress has abrogated the natural economic laws governing marketing in this country. We have repealed the law of supply and demand. By law, we have taken money out of the pockets of one group and put it in the pockets of another group. We have passed laws which tremendously increased the wages of labor and the profits of industry. Every time we legislated a dollar into the pockets of labor, and every time we legislated a dollar into the pockets of industry - through all the laws I could recount,

but with which you are thoroughly familiar - every time we legislated a dollar into their pockets we had to legislate that dollar out of somebody else's pocket; and usually it was the farmer because he is the last one on the economic chain of distribution. The manufacturer, the wholesaler, the jobber, the retailer, all pass the increase along until it reaches the farmer, and he pays it. So legislation is the basis upon which we must compute future progress and prosperity of the American farm.

Only recently, within the last session or two of Congress, have we been able to secure legislation which made it possible to increase farm prices, the farm income; and that is the basis of success. No matter how much you produce or how little you produce or how efficiently you produce, unless you get a price for what you produce, all else - conservation, scientific management, adequate credit - are of no avail. You must be paid a fair wage for your labor and you must be paid a fair price for your product, or the sheriff will take your farm, and your children will drift desolately down the highway of life for whatever awaits them there.

For a generation Congress has been shoveling out laws indiscriminately increasing the income of every group except the farmer. Through legislative enactments the income of organized labor has been increased over 200 percent. The profits of industry have been directly increased solely by virtue of legislation passed by Congress.

But the farmer has been completely neglected as year by year his costs of living and costs of production mounted steadily in response to legislation passed for the benefit of those who produced and distributed the essentials he was compelled to buy. The farmer has been the last man to be served. Only recently, after a hard fight, was legislation enacted giving the farmer parity prices. As a matter of fact, parity is less than justice for the farmer. The farmer was getting skinned even back in that basic period of 1909-1914. But we must have some sort of a yardstick, and, poor as it is, parity is the best yardstick available.

Now, the significant thing is that we have at last attained parity, or near parity, only by virtue of legislation, and any hope that we can maintain; any small advantage we may have secured and keep pace with the other great groups, must depend on Congress.

And that brings us to the second and last admonitory suggestion I hope to have the privilege of submitting to this distinguished and representative body. You are men of wide influence. You are painstakingly selected and geographically distributed. You are trained and experienced -- experts in your line. The man in the street and the man on the farm listen to you. What you say goes a long way. Your opinions carry weight. I trust -- and in my mind this is the important thing in American agriculture today -- I trust you will encourage, that you will foster, that you will support in a practical way, the development of farm organization. Because only through farm organization can we hope to influence farm legislation.

That is why labor is so effective. In the 30 years I have been on the floor of the House, I have never seen labor submit a major legislative program, endorsed by the labor organizations, that did not become a law. Why? Because they back it

up with an organization that engraves on its letterhead, that declares in the resolutions which its conventions adopt, locally and nationally, "We vote for men who vote for us, and we vote against men who vote against us. Politics, parties, partisanship mean nothing to us. We support those who support labor in State, municipal and national legislative assemblies, and we retire from office any who disregard the voice and wishes of organized labor." And they carry it out. They enforce that policy to the letter. Any representative in any legislative body knows when he passes on a measure on which organized labor has taken a stand, he takes his political life in his hands. If he supports the labor program, he knows he will have labor support in the next election. And as a result labor is today enjoying the highest wages, the shortest hours, and the most favorable conditions in the economic history of the world. And they have secured all these advantages through organization.

It is not necessary to remind you also that the Chambers of Commerce and the business organizations comprising their membership have long been effecting the same result in industry.

Agriculture alone is still inadequately organized, and correspondingly ineffective, in securing its just and equitable share of the national income. The discrimination in legislative favors is due entirely to the disproportionate strength of farm organization -- in too many instances, lack of organization -- organization to back up our farm Congressmen, to supply data and brief agriculture's case, in the economic battles in committee and on the floor.

I deeply appreciate the privilege of being here this morning with Administrator Evans. He is one of the most useful men in the American Government. And he represents a great Secretary of Agriculture. We are fortunate in having a real dirt-farm Secretary of Agriculture, a Secretary whose heart is with agriculture and with the farmer. I am certain he will have the wholehearted cooperation of all of us. When in doubt, let us recall that our strength is from the soil, and our first allegiance is to the farmer back in the fields and the feed lots, unorganized, inarticulate, exploited; whose share of the national income has been reduced in the last two decades from 20 percent to 8 percent; who must pay for all he buys prices and wages fixed by law and take for his own products any price a buyer's market chooses to bestow. I know you have that man in your heart. Forgotten though he may be by others, he is never forgotten by you. And, in conclusion, may I reiterate -- farm parity can be attained through legislation; farm legislation can be effected only through farm organization; and neither can be fully realized in our day and generation without your thoughtful cooperation and support.

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ADDRESS

George N. McConnell, Vice President, Manitoba Pool Elevators
and Member of Central Board of the Canadian Wheat Pools
June 12, 1941

Mr. Chairman, Neighbors, and Friends:

First of all, I want to thank you in the name of the organized wheat producers of Western Canada for the honor conferred on our organization on this and other occasions in extending an invitation to us to be represented at your annual AAA conference. It is a true and characteristic neighborly gesture. Mr. MacLeod and myself deeply appreciate the privilege of sitting in with you.

The farmers of western Canada are keenly interested in your Agricultural Adjustment Administration, which is such a vital part of your farm program. We wish we had an AAA functioning in Canada, and some day we hope to have one too. In the long run, any sound constructive farm program will extend far beyond your national boundaries, and we are your next-door neighbours and should be the first to benefit from your success.

Your administrator, Mr. Evans, is no stranger to us in Canada. He was called to a conference at our national capital a few weeks ago. He gave a great address at the Saskatchewan Wheat Pool Conference last fall at Regina, on the work you are doing, and on that occasion he talked over the air to the farmers of western Canada. Two years ago he and Dr. Wheeler of your foreign agricultural service were the two outstanding speakers at a prairie-wide agricultural conference called by Premier Bracken of my own province, Manitoba.

The general plan of what you are doing is fairly familiar to us on the Canadian prairies. A booklet published by the Government of Manitoba for the use of study groups in our province, of which a considerable number were distributed by the three Wheat Pools in the other prairie provinces, gave an outline of the AAA program and our own agricultural policy. The purpose of the pamphlet was like that of the little boy who suspended an ostrich egg in front of his bantam hen's nest with the sign: "Keep your eye on this and do your best."

You have a vast country here and a widely diversified farm problem, cotton and corn and tobacco and dairying and many other crops to worry about besides wheat. But up in Canada our wheat problem is so huge that it overshadows all the rest. You are anticipating a wheat-carry over of around 400 million bushels at the end of your crop year, and you have a population of 130 million people. Canada has a population of 11 million and we will have substantially over 500 million bushels at the end of our crop year. Your farmers are assured of 98 cents a bushel for your wheat. Our farmers must struggle along on an average of 50 to 52 cents a bushel, with total deliveries for western Canada limited to 223 million bushels, starting with a quota of 5 bushels per acre.

In an attempt to reduce our enormous wheat carry-over, our Federal Government is paying our farmers \$4 per acre for summer fallowing land taken out of wheat production, and \$2 per acre if this land taken out of wheat is sown to coarse grains or grasses.

Our Government's wheat program aimed at a 35-percent reduction, as compared with your wheat acreage reduction of 11 percent. Present tentative estimates show a Canadian wheat acreage reduction of about 24 percent under last year's record wheat acreage of close to 28 million acres for the prairie provinces.

We have already made a start in copying some features of your soil conservation program as our Federal Government has established community pastures in marginal areas where soil drifting and drought have been most severe. But if we must take a substantial acreage out of wheat, we will have much more difficulty than on this side of the line in alternative crops that will insure living returns to our farmers.

We grew 551 million bushels of wheat in Canada last year, about 526 million bushels in the West. Even with our reduced acreage, owing to our favorable moisture conditions so far, it is quite possible for us to harvest 500 million bushels this year. We would be able to market only half of that, the rest remaining on the farms, without anything like adequate farm storage to house it.

We have become so accustomed to marketing the bulk of our crop as soon as threshed that a good or even an average yield of wheat would bring us a farm storage problem of such magnitude that few of our farmers have realized as yet what they may be up against next fall. For last year's crop our farmers were paid farm storage of 1/2 cent per bushel every 22 days, amounting to 6 cents per bushel for wheat held on the farm until the middle of July. No provision for farm storage has been announced for this year's crop, and we do not have a farm loan policy on wheat in our country.

We have more than ample storage for grain in Canada based on normal flow to world markets; 424 million bushels storage in country and terminal elevators, and we have temporary storage in bins and annexes built or under construction the past 2 years which will provide storage for 170 million bushels more.

It is our opinion that most of this space will be required to make good our Federal Government's commitment that all 1940 wheat is to be delivered prior to July 31, 1941, so that the farmer will collect his farm storage due in the price received for his grain.

For your further information, I would add that Canada had a bacon quota to supply Great Britain with 429 million pounds (since raised to 453 million pounds). I might add that deliveries of hogs have increased 33 percent according to the latest figures released.

Just recently a sale of 540 million dozen eggs, not all shipped at once of course, has been made to Britain.

We also hope to export a total 180 million bushels of wheat including flour, compared with a little over 200 million last year. Futures for 120 million bushels were recently purchased by the Cereals Import Board of Great Britain.

In view of growing world surpluses and in the interest of the consumer as well as the producer, we are gratified that your Department of Agriculture and our own Government favor resuming the discussions that were taking place in London just prior to the outbreak of war for international cooperation to deal with the wheat surplus problem.

Our organization has always maintained that there could be discussions leading to agreement among the four large exporting countries and decisions arrived at that would benefit the producer without injuring the consumer.

Canada is now faced with an all-out war effort, as you are facing an all-out defense program.

I was greatly interested in the figures given by Mr. Perkins yesterday on the percentages of industry devoted to defense effort in Great Britain, United States, and Canada.

Canada just opened a Victory Loan for 600 million dollars on June 2. When we left Winnipeg on last Saturday, over 278 million had been taken up, and it will go over the top long before June 21.

We in Canada feel that no effort or money or sacrifice is too great if this dark shadow of force and oppression is to be lifted and if our freedoms as outlined in that grand address of President Roosevelt's are to be given to the peoples of the world.

Different leaders have outlined our war aims as "A War for Victory," "A War to save Democracy" and "A War to save Christianity." We can agree with all or some of them, but in one we can all agree. It is a war between two philosophies of life, between a choice of liberty and freedom, or brute force and slavery.

There is much talk of a new world order after the war. We agree with the thought as expressed by Mr. Perkins that we have responsibilities as nations and as citizens in post-war adjustment and rehabilitation.

The power age has pretty well solved the problem of production. We must now find out how best to distribute the surplus production that technology has made possible. The yardstick with which our efforts will be measured will be the success achieved in the security and permanence of agriculture and industry, a world at peace, and the same energy devoted to the welfare of humanity that is now employed in making the instruments of war.

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ADDRESS

Henry A. Wallace, Vice President of the United States
June 13, 1941

Administrator Evans and all of you from the 48 States, Puerto Rico, and Hawaii, it is a great pleasure to be with you again. My mind cannot help turning back to a year ago when I told you that I didn't know whether I would ever be speaking to you again. Someone might interject facetiously if it depended on the farm States I might not be. At that time it seemed as though farm welfare and national welfare were bound up with national politics. Since then events have moved on such a high plane that people increasingly are forgetting politics and minor interests of all kinds.

I understand you are to have a report submitted to you shortly on the broad aspects of the AAA program as it is related to defense. I have read a few sentences of that report, would not want in any way to anticipate that report, but one sentence is so good that perhaps the chairman of this committee will forgive me for mentioning it. You have not adopted it and the chairman has not reported it. "The defense effort must succeed, the interests of any economic group must be subservient to it. Our national point of view must be animated and inspired by a willingness to give rather than a desire to take." I hope that that sentiment will animate whatever I may say to you here today.

So far our various efforts, whether in labor or business or agriculture, have been relatively painless. It seems as though the war has brought prosperity to large groups of our people. If you compare the total payroll of this country during the first 3 months of this year with that of last year, you find it is nearly a third greater. In business, if you compare the sales of automobiles or refrigerators or house furnishings or the building of houses with the same period a year ago, you find they are nearly a third greater. In many lines of agriculture you find prices up materially. Cotton prices on the farm nearly 12 cents compared with not quite 10 cents a year ago. Hog prices are better than \$8 a hundred on the farm compared with about \$5 a hundred a year ago. Wheat prices, not so greatly different it is true. Rice prices about \$1.20 a bushel compared with 75 cents a bushel a year ago. Soybean prices about \$1.20 a bushel compared with 85 or 90 cents a bushel on the farm a year ago. Butterfat prices around 34 cents a pound compared with about 27 cents a year ago. Average fluid milk prices about \$1.94 compared with about \$1.65 a year ago. Tobacco prices not so greatly different. Averaging it all up together for the entire period of the past 3 months, the gross farm income is probably 8 percent greater than a year ago. Corporation profits are about 22 percent greater than a year ago.

Certain branches of agriculture might say, "Well, we haven't fared as well as payrolls of labor or the income of corporations. We want ours." That is why I appreciated so much this proposed statement, this report of the committee which is to come later, because it was indicating a totally different spirit and a spirit which I am convinced is not only for the welfare of the entire country but very definitely for the welfare of agriculture itself. It would indeed be a terrible thing if there were turned loose on these United States the desire for speculation unlimited of the type which took place during the closing year of World War No. 1

and especially during the year following the end of World War No. 1. Those memories are so fresh that we have no desire to repeat that experience.

It would be easy, whether we are in agriculture or labor or business, to overplay our hands. Fortunately, in labor and agriculture and business there are many thousands who are determined not to overplay their hands because they don't want to pay the terrible penalty afterwards. We cannot in this tremendous national defense effort forget that the time may soon be here when it will not be so easy. What has happened so far has, I think, been very educational from the standpoint of economics, indicating that when people are fully put to work prosperity can be had for all of us. But if we are going to have the maximum of defense, the day will come when we shall have to make real sacrifices.

Germany went through an experience of this nature back in 1933, 1934, and 1935. When Hitler came into power in 1933, Germany was in a terrible depression with one-third of her people unemployed. Hitler started the people at once on his tremendous armament effort. The first result was to increase the purchasing power, and in 1934 and 1935 Germany had a situation somewhat like this which we have been enjoying so far this year. Then when the people were fully employed, Goering, in December of 1935, felt it advisable to come out to the German people and say they had to choose between guns and butter.

We don't have to make the choice between guns and butter until all of our plant facilities and all of our labor are fully at work. So far, the fact of more guns, the fact that we are spending this year four times as much on defense as we did a year ago at the same time, has meant that more people could have butter. Purchasing power of our labor has been tremendously increased, but our taxes are going to be increased, as they should be increased, and those taxes are going to subtract from purchasing power and are going to redirect the purposes for which that purchasing power will be exercised. That is all to the good, because we are now rapidly coming into the time when we will have to make sacrifices. A year hence we will be producing fully twice as much in the way of defense materials as we are producing this year. At the present time we are producing at the rate of more than around a billion dollars a month. Next year it will be at the rate of 2 billion dollars a month.

Mr. Evans, when you were serving on a committee that was looking forward to setting up the AAA out in Iowa, and I was working here in Washington with Chester Davis in trying to discover the best set-up, I thought then, and I suspect it must have flashed across your mind, -- "This set-up which we are now building can be of tremendous use to the United States if war trouble should ever come." I knew enough of Hitler's activities in 1933 and 1934 so that I thought from time to time how useful our AAA machinery might some day be to the United States.

Many of you remember back in World War No. 1 when the number of county agents was tremendously increased and every county agent was charged with special war duties. We remember that tremendous effort, how spasmodic, enthusiastic, and irregular it all was, and how much trouble came to us afterward. And so I am sure there were many of us, as the AAA machine was in the process of building, who thought if real trouble ever should come to this Nation again, we would have a mechanism which could enable us more or less noiselessly, powerfully, and skillfully, to do the things which have to be done for the Nation while at the same time protecting the

farmer to the utmost from whatever may be the aftereffects of that tremendous effort. To me, one of the great reasons for optimism as we look toward the future is the fact of this splendidly educated, patriotic body of men who understand the farmers, who understand each other, who understand the Government, who understand what the world is like at this time of great crisis.

I would like to divide my remarks into two categories: First, the effort which must be put forth while the war is in progress; and, second, the effort which must be put forth when the peace comes. Surveys have indicated that about three-fourths of the people of the United States -- not quite three-fourths, 72 percent, I think -- believe that sooner or later we are going to get into this war. They also indicate that almost, but not quite, the same number believe we should not declare war now. In other words, these surveys would indicate that the people of the United States feel they are on the edge of a great whirlpool into which they will be drawn, but into which they do not wish to be drawn. But they know the events are such that they are in serious danger of being drawn there. Most of us realize that the dictators have been engaged in undeclared propaganda war against the democracies and against the United States for at least 7 years. That propaganda war has intensified enormously during the past few years.

When I was a student at Ames Agricultural College, I ran across a little book called "Thoughts are Things," read it with profound interest. Thoughts are things. Thoughts can be more deadly than bullets. That truth has been appreciated more than ever before by the dictator countries, and they have used propaganda in that manner. That may not have been apparent in the Middle West or in the South, but no one could be here in Washington without being aware of that fact. Gradually the country has become aware of that, it seems to me, and that is the reason why the vast majority of the people of the United States are so eager to help England to the limit, and in this survey I have mentioned, 62 percent of these people that I referred to believed that we should help England to the limit even though the helping meant the risk of getting into the war.

When I mention all of this, I am not reflecting one iota on those splendid United States citizens whose ancestors came from Germany. I could not. Our friend Spike Evans is half-German. Two of his grandparents came from Germany. My son is married to a girl three of whose grandparents were born in Germany. The American people have the profoundest respect and admiration for the German people in the United States, especially the German farmers who are among our most skilled farmers. I have tried at all times when speaking on the situation of the United States in world affairs to make it clear what a high esteem we have for the people of German blood in the United States, and for that matter for the people of German blood in Germany, while at the same time pointing out with the utmost vigor the difference between the German people and the gangsters who for certain reasons are in position to lead the German people at the present time.

With modern mechanisms of propaganda and modern types of machinery, it is so easy for gangsters to get control of respectable people. When gangsterism operates on a world wide scale with all the mechanisms of science at its disposal, it becomes necessary for democracy to organize itself as it has never been organized before. It must organize itself sensibly, not hysterically, and I am confident that this marvelous country and township machinery of AAA will serve to the limit

not merely to preserve soil and produce food but in every township and in every county to help farm people become a unit for democracy. I am sure that your influence will be thrown in that direction, and if the war goes on and it is necessary to modify our agricultural plans, that you will willingly modify those plans even though it means great inconvenience. I know that you will accommodate yourselves to whatever those in best position to know think should be done.

The real rub will come perhaps not the first year after peace comes, but certainly shortly thereafter - probably the second or third or fourth after peace comes. The AAA, the Commodity Credit, and other legislation now on the statute books combined with the war situation, make it probably that most farm prices will be, during the years immediately ahead, considerably above where they will be after the war comes to an end, -- except for the fact of this legislation. With the current legislation after the war comes to an end, in order to validate the losses of the Commodity Credit Corporation as a result of 85 percent loans, extraordinarily heavy appropriations may have to be made.

I think we should look at this matter factually without prejudice of any kind one way or the other. When the war comes to an end there will inevitably be a certain group of people, found more largely, I am bound to say, in one party than in the other, but found to some extent in both parties, who will think that the Federal Budget at once ought to be cut in two or maybe in three. Those who hold that view in the extreme form would, if their notions with respect to the Federal Budget should come to pass, produce revolution in this country simply because they do not understand economic forces, simply because they say things which they think politically are profitable and which appeal to them as sound business policies. I do not impugn their motives, I merely question their knowledge.

And yet, looking at the problem in a cold-blooded way, we must realize that people of this type must have a tremendous influence once this war comes to an end, have a terrific influence which you will feel at once, not only with respect to soil conservation appropriations but also with respect to the appropriations necessary to keep the Commodity Credit Corporation going, with respect to appropriations necessary for the Stamp Plan.

And so I want to speak again, as I believe I did a year ago, a little about the debt position of the United States. The best estimate I can get is that for the year 1941 we shall be paying about \$6,300,000,000 as interest on debts in the United States, including interest on Federal Government debt, local government debt, private long-term debt, and private short-term debt. That is about two thirds of the \$9,500,000,000 paid in 1929. I suppose in face-to-face contacts I have spoken to several hundred thousand people about these facts. I have never seen them yet printed in a newspaper. Of course, the total debt of the country at the end of 1941 will be roughly about \$10,000,000,000 more than it was in 1929. Possibly the real criterion is the percentage which the interest burden bears to the national income. In 1941 the interest burden represents about 6 percent, 6.1 percent of the national income, assuming the national income this year to be about \$85,000,000,000. In 1929, which previously was the year of greatest national income, the interest burden represented 7 1/2 percent; this year 6-1/10 percent roughly; 1929, 7 1/2 percent.

I can see some terrible trouble ahead for farmers if the props are knocked out from under the Commodity Credit Corporation, if the Ever-Normal Granary system is destroyed, if the Stamp Plan system is destroyed, if the Surplus Removal system is destroyed. And there will be millions of people pushing to destroy these systems when the war comes to an end.

We must recognize that frame of mind. We must not overplay our hand. I think it would have been a serious mistake to have had a 100 percent of parity loan provided. I think that would have been inviting destruction of the whole farm program later on, and a debacle worse than those of 1921 and 1932. I am not talking about justice, I am talking about the way forces will work. And I will say frankly for my part I have a grave question as to whether the 85 percent instead of a 75 percent may not turn up later on to plague you.

Let me point out to you that it will take an income of \$85,000,000,000 or more to support hog prices as high as \$9 a hundred. In the case of hogs and corn, the problem is how to get with a certain national income the greatest net income for the corn and hog farmers. I know that a 100 percent parity price for corn and hogs, unless there is complete employment at high wages, will not give that greatest net income.

There is a happy medium there between volume and price, and those who argue only from the standpoint of price can lead the farmers into a most terrible debacle later on where public opinion will destroy all that we have built. I have argued with some of the high-price folks, telling them that while they were doing the thing that was politically popular, they also were acting to cause disaster to farmers later on.

Feeling this way, it was natural to like this resolution which is to be offered to you later on. This resolution has in it the spirit which will give farmers the maximum of welfare over the next 10 years rather than the greedy, grabbing political spirit which says, "This is the price to which we are entitled by justice, this is the price which we can get if we can exercise our political power." When groups push in that manner they reap the whirlwind later on, and I am so thankful farmers, generally speaking, have not gone at the problem in that manner. They have been more balanced, more considerate, more earnestly thoughtful about the long-time general welfare. That has been the glorious thing to me about the AAA, that it is run by plain men spread like a blanket over the entire country, reaching the real folks, giving them facts and figures - with their feet on the ground.

In conclusion I want to say this with regard to our position in world affairs. There are certain great countries which are not yet fighting, playing an opportunistic game. Which way those countries will ultimately throw their force depends in considerable measure on whether we demonstrate we are a united people producing to the utmost. The all-important thing is the volume of our production now, not so much in agriculture because agriculture has taken care of that. The demonstration of volume in defense production will determine which way some of these great countries finally move, because all thoughtful people know today that it is only the might of the United States that stands between Hitler and world domination. We have shown ourselves mighty so far, but still not mighty enough. The speed of

demonstrating that might may make all the difference in the world as to whether or not we are drawn into the maelstrom.

Another thing that is important and on which you may conceivably have some influence one way or the other -- tremendous efforts are going to be made by subversive forces whose allegiance is commanded elsewhere to bring about fires, strikes and airplane disasters. It is not your immediate concern and yet it is conceivable that you can on occasion send certain information to the F.B.I. which will help minimize those possibilities. When I lived out in the Middle West in 1917 and heard the stories about the German maneuverings via Mexico, I thought it was largely newspaper talk and propaganda. Never did I believe these stories until I got down in Mexico last December and learned from the Mexicans that the thing was true.

The hellish ingenuity of this gangster crowd is beyond all description. In view of my experience and observations, I do not hesitate to ask you to take my work for that.

If the propagandists are able to divide us, if our production is not what it should be, then I very much fear that we will be finding it necessary sooner or later to demonstrate our Americanism in a manner which will cause us lots of grief and the spilling of blood.

But if we can demonstrate that we are a united people producing to the utmost, fully awake and on our toes, democracy will win, and the American way of life will be preserved for ourselves and future generations.

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OUR WORLD COMMUNITY

Robert H. Montgomery, Professor of Economics
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Well, here we are at the end of another year. And what a year it has been!

The black pall of war and revolution covers our world. Nations tearing at each other's throats; solemn treaties of peace and amity and eternal friendship used as a cloak for the vilest and most dastardly attacks; beauty and truth and common decency ground to dust under the chariot wheels of ruthless greed and lust for power. Altogether, the most bitter year in a long, long time.

In America we are confused. We are trying desperately to understand what it is all about -- how the pieces fit together -- what our own place should be in the world pattern.

I don't expect you to enjoy my talk. I've been talking to groups of this sort, all sorts in fact, for the past 12 or 15 years about the state of the world in which we live. And usually I have found it possible to inject a bit of levity into the discussion. The situation we face now doesn't permit that. I shall make no attempt to amuse you.

Democracy is challenged today the world over; not some custom or practice of the democratic states, but democracy itself. The National Socialists do not propose to prune the tree of liberty; they propose to uproot it!

The issue is squarely drawn. Man has an opportunity either to continue his long and painful ascent from the jungle; or he is to be ruthlessly thrust back into the slime of cruelty, oppression, and slavery.

The democratic states have not done a perfect job. They have made many stupid mistakes. They have not eliminated all the slavery of body and mind and spirit. They have not even freed men from the grueling fear of poverty, disease, and degradation.

But that is not the fault of democracy. Man's experiences for the last million years have ill-fitted him for the dangers and difficulties and responsibilities of a society of free men. A half century ago, Lord Bryce said: "Democracy has not been tried and found wanting. Democracy has been found difficult and hasn't been tried." In 1917 when Woodrow Wilson pled with us to make the world safe for democracy, Gilbert Chesterton retorted: "It can't be done. Democracy is a dangerous business."

And so it is. Democracy can never be realized by a timid, or irresponsible, or complacent people. Democracy requires more personal responsibility, more vigor, and more audacity than any other form of society ever conceived by man.

Democracy is the most revolutionary concept in the whole political history of man on this earth. It assumes the integrity, the dignity, the infinite

capacity for improvement, and the essential worth of the individual human being. It asserts that individual responsibility can be developed only by the assumption of individual responsibility.

Some of our leading citizens tell us that we must be careful or we may lose some markets or some money or ships or men. We must count the cost. Men who count the cost cannot be free. From here back to the jungle runs a long line of men who refused to count the cost. Thermopylae and Runnymede, Valley Forge and the Alamo, are the colors on their crest. They have built for us, brick by bloody brick, an edifice of incomparable value. If we would honor the house we occupy and hand our heritage intact -- or even possibly enhanced -- to our children, we dare not count the cost. The timid counsel of those who say we must not meet the challenge of oppression, cruelty, and human degradation that sweeps the world today lest we lose some ships, or goods, or money, or men is not worthy of the scorn of free men! Democracy is still worth just what Jefferson and his group said it was worth in 1776: "... our lives, our fortunes, and our sacred honor."

Democracy is challenged at its very heart: the relation of the individual to the community. Democracy says that governments were instituted among men to give the individual an opportunity to develop the talents he has within him to the fullest extent, to enjoy the fruits of that development, and to use those talents for the good of himself and of his community. National Socialism says the individual exists for the power, and prestige, and pomp, and glory of the state. On that line democracy is challenged. On that line we hold the barricade or democracy dies, not only for our generation alone, I am convinced, but so far as any man dare look to the future.

It is curious that the war lords of tyranny should challenge democracy at its strongest point. And yet, is it so curious? From that point democracy has hurled its challenge at ancient tyranny. This is the very citadel of democracy: human liberty; the right of the individual to make a free choice in the fundamentals--his job, where he will live, his religious faith, his political creed. This citadel must be destroyed if National Socialism is to make good its boast that democracy is to be uprooted from the earth. If the democratic concept of life were allowed to exist anywhere in this modern world, tyranny would be endangered. Our world community cannot exist half-slave and half-free!

Human communities must find a satisfactory and acceptable relationship between the individual and the group--or no community can exist. When even two people try to live together in a community, in peace and good will, they immediately discover that concessions must be made; compromises must be found to adjust conflicting personal interests. The more democratic a community becomes, the more necessary become the compromises and concessions.

Of course, the historians of the future will write this age in terms of Hitler-Stalin-Mussolini-Matsuoka -- and what's-his-name. Historians must have convenient pegs on which to hang their stories. But something is happening to our world that cannot be explained in terms of the mad political ambitions of any man -- or even by the imperial dreams of any group.

Our world has become one community! In one short lifetime that has happened. And that fact is incredibly disturbing.

When you and I were youngsters our world was made up of a vast number of little human communities. The communities were small; we knew our neighbors; we understood the community rules; we could settle our differences by sitting around a table with the wise men of the village -- or by stepping off 20 paces some morning at daybreak.

That simple little community is gone. We can never again rebuild it. And the man who destroyed it -- the man who pitched us into a world community before we were ready for it -- was no political leader. He was the physical scientist, in his laboratory, working away at new machines to wipe out time and space -- 100-mile-an-hour automobiles, concrete highways, streamlined trains, long-distance telephones, radios, airplanes -- and Uranium 235!

Two hundred years ago people in France, England, Italy, Germany -- even in the United States -- could live in a dozen, or a score, or a hundred little self-sufficient, autonomous communities. Even 3 years ago, Europe, in a territory only three or four times the area of my State, was split up into 27 sovereign communities. Each had its own language, and money, and laws, and customs, and business practices. Each was busily engaged in building walls about itself -- tariffs, quotas, embargoes, subsidies, passports, visés -- a thousand devices to keep goods, and ideas, and men from moving across those boundaries.

That world is dead. It was dead 30 or 40 years ago. We are just getting around to the job of burying it -- and funerals are always painful experiences. But it was not killed by Mr. Hitler or by Mr. Stalin. It was killed by the man who -- the very year in which I was born -- invented an internal combustion engine, put it in a buggy, and called it an automobile -- then put wings on the thing and called it an airplane!

Let me tell the story as I saw it unfold. Forty-eight years ago my family moved to Menard County, Texas -- the last of the real geographic frontiers. As a lad I lived in a world very much like the Virginia of Jefferson's day. We produced at least 90 percent of everything we consumed right in that little community. We were 75 miles from market -- in terms of today, about as far as from here to Tokyo or Sydney. Seven days in good weather -- a month or more in bad. The post office was 16 miles from our front gate. I left my home in Austin, Texas, the other night at 9:40, and reached Washington before daylight. That is less time than it took to go to the post office 40 years ago!

That little group of frontier farmers and small ranchers in Menard County was a self-sufficient, sovereign community. Washington was a name in a storybook. Austin, our State capital, was farther from us than is Capetown or Kamchatka today. We had our own community laws and customs, and we knew how to enforce them -- so long as we had ropes and convenient live-oak trees. Of course, there were some undesirable citizens who refused to obey community customs -- horse thieves, cattle rustlers, sheep herders! There are such people in every community.

But, in general, we had a fine, self-contained, sovereign community of

God-fearing, Masonic, Scotch-Presbyterian-and-Methodist stock. Fine people; a fine community.

Just to the east of us, 2 long days away -- about as far as Hawaii or Chile is now -- was another little sovereign community -- in Mason County. They were terrible folk -- Germans and Swedes, Lutherans, and some Catholics. And -- they raised hogs! Those Mason County hogs came over the national boundary (we suspected they were driven!) and got into our Menard County cornfields.

That was bad. Even worse, we used to have dances along the boundary -- and you know what happened! I believe the diplomats have a name for it! "International incidents"!

Then, something happened. About 1900 we laid out a good road from Mason to Menard. A few years before, rubber-tired buggies had begun to appear in west Texas; a few years later the first automobile came panting and puffing out of those Mason County sand flats. About 1905 a telephone line was built from Menard to Mason.

Now -- guess what happened. Within 5 years, fine upstanding Scotch lads of Menard County were having dates with those Dutch girls from Mason! In 10 years they were marrying them -- and before we knew it, the boundary lines were gone! We discovered that the Mason County Dutch weren't so bad, after all -- at least, after they got a little Scotch blood mixed in.

Today, no man can find the boundary between those two peoples. There is no boundary line. It has vanished! Not religion, or race, or language could stand against an automobile and a telephone. Why, it didn't take us 6 months to teach those Dutch girls to say "Ja, Ja" in English!

And that is what has happened to the western world. In one short lifetime the automobile, wireless, airplanes and radio, the movies and streamlined trains have wiped out the boundaries. Giant factories must have raw materials from across the lines; and they must sell their products back across those lines. Every ether wave brings us ideas from across the lines. Men, and goods, and ideas move irresistibly across the boundaries. So -- the boundaries are wiped out, as I saw them wiped out in west Texas 40 years ago.

And there is nothing you can do about it! Oh, yes -- there is, too. You can go back to the good old world of Menard County -- if you want to. But you must go back in a Studebaker wagon -- with a span of mules hitched to it! And you can't take your radio with you -- or your tractor, or your electric gadgets, or your bathtub. Those things didn't exist in that good old world.

Modern technology could not be used in that world. You can't keep an airplane over Denmark or Luxemburg for 10 minutes to save your soul. It would get out of bounds. You can't keep a radio wave within the boundaries of the United States for 3 seconds. They, too, go over the border. And when they do, the borders are dimmed a bit.

The airplane and radio and talkie-movies and television. Now a young

physicist at Minnesota University segregates Uranium 235; promises to release atomic energy, unlimited power in an incredibly small package -- an ounce of it will do the work of a million tons of coal -- literally! Put that in a modern airplane, step up air speed by less than the increase made during the past 12 months, and you will be able to leave New York some fine morning, fly around the world at that latitude, and land before you leave!

We are one community now! Menard County is closer to Italy or to Japan than it was to Mason County when I lived there. Two centuries ago, if Mason County had been swallowed by an earthquake we wouldn't have known it for 6 months; that is, until our corn got ripe and there were no Mason County hogs in it. And, of course, when we did discover it, we would have staged a great celebration!

In 1933, when Japan waged war in Manchukuo, Menard County knew it next morning. We knew it not only from our morning papers, and the hourly radio newscast, but from the most delicate sensory nerve in our bodies -- the one that starts in the pocketbook! Japan needed hundreds of thousands of bales of cotton lintors for explosives. Menard County raises cotton.

We are one community now. Is there nothing we can do about it? Oh yes, there is -- one thing: we can decide what sort of community we want, for ourselves and for our children, and get about the job of building it.

We -- the people of the United States -- 130 million of us -- overwhelmingly, irresistibly strong in resources and technology and skill -- can decide what sort of community we want, and build it.

That is, we can if we know what we want -- and work together for it, within our lives, our fortunes, and our sacred honor."

If we do not know what we want -- if we are confused, disunited -- some other group, that knows exactly what it wants, will take over the job. It will organize the community -- write the rules -- and police them!

We cannot longer avoid facing our responsibility -- without disaster. The community is too small, too compact, too vitally one, to permit any further quibbling. We avoided our responsibility to our community in 1920; we dare not do it again.

There are only three choices open to us today. As the issue comes to us now, one of three groups is to determine the sort of community this is to be, to write the rules, and to police them: either the Communists, or the National Socialists, or the democrats. No other choice is available -- so far as one may see today.

Of course, you know perfectly, if you were only honest enough to admit it, that the only way to have a decent world is to wipe out all but the Scotch -- and start over. But we don't do things that way any more. So, we've got to learn to live in a community with a lot of most undesirable neighbors: 80 million Germans, 40 million Italians, 50 million Frenchmen -- and 6 or 7 million Swedes.

Save the mark! The question we have to answer is this: Do we really want it to be a democratic community? If we do -- if we want it to be a community in which all groups will have a decent chance at a decent living -- one in which the individual ~~will~~ will have some chance to select his own job, his own home, his own wife, his own political creed and religious faith -- then let's get about the job of building such a community.

Don't be deluded into thinking that one little segment of our community can live under one set of rules, and another segment under an entirely different -- and quite contradictory -- set. Mr. Hitler is eminently correct when he tells us -- over and over -- that this is a struggle to the death, between two utterly different philosophies of human society.

In our search for a workable democracy in America we have made two fundamental errors -- which today lay us open to the basic attack of the National Socialists. We have proceeded upon two basic assumptions -- which are not true. First, we have assumed that the interest of the individual and the interest of the group are identical; and second, we have assumed that men are selfish.

Our whole economic laissez-faire free-business-enterprise system stems from the assumption that the interest of the group is simply the sum of individual interests. If every individual is left free to serve his own selfish interests he will be led "as by an unseen hand" to serve the interest of the group. So said Adam Smith. So have we repeated for 165 years -- despite obvious and overwhelming evidence to the contrary.

It is true that the interests of the individual and the interests of the community are identical in many cases. All of us know that no community is possible unless most of the individuals composing that group, in most of the phases of their lives, find their interests and the group interest identical. The only way any member of a group can make more money from his job is by rendering a better service to the community. So long as we have that situation, we can have a satisfactory group life. But we have overlooked this one situation that endangers the entire structure. Permitting the individual complete freedom of action in economic affairs in this one case may be disastrous to community life.

In our love for freedom we have been willing to permit the individual to follow his own interests even when it was clearly evident to all of us that that was against the interests of the group. I am not talking about bootleggers and gangsters either. Of course, their individual interests are opposed to the interests of the group. There has been no question on that score. I am talking about good, honest, God-fearing, Scotch-Presbyterian businessmen whose interests run contrary to the interest of all of us as a group.

You've seen it. You can't avoid it. We've built tariff walls to protect the interests of individuals that were against the interests of the community as a whole. We have granted all sorts of special privileges to powerful and vociferous groups--patents, franchises, easements, water rights, copyrights, holding company charters--a hundred different devices for serving the interest of the individual against the interest of his group.

But even in times of peace, in 1932, we found it very difficult to permit the continuation of that sort of thing. In 1941 it is suicide to continue it. If we continue it longer the group falls.

We have made, as I said, one other fundamental error in our assumptions in the United States of America. We have assumed that men are selfish. The whole argument of free business enterprise, the laissez faire economy, assumes that men are selfish; and consequently if we permit them to follow their selfish interests, which are identical with the common good, then the common good is served.

Sure -- men are selfish. All of us know that perfectly well. We have worked--and lived--with merchants and farmers and bankers and school teachers and preachers. Men are selfish!

But we also know that men are unselfish. That is just as true--and infinitely more vital. If that were not true we couldn't have a community. That doesn't require an argument. No two people could live together in peace and good will if they weren't profoundly unselfish. If your fathers and mothers hadn't been quite unselfish, you wouldn't be here today. I'm confident that it was to their selfish interest to drop you in the rain barrel.

And, watch your step! One of the vital, dramatic appeals that Hitler has made to his people is the appeal to unselfishness. It is a more powerful appeal, it will move men further, than any appeal to selfishness.

In order to live a satisfactory human existence on this earth man must have some ideal, some goal, some end outside himself -- beyond his own selfish interest -- that he thinks is worth his life, his fortune, and his sacred honor. And any man who doesn't have that is not, in my opinion, a complete human being.

In a democracy, it is the responsibility of each individual to find where he can help promote the strength of democracy -- and do that job to the limit of his ability. Some of you are farmers; some are government clerks; I am a school teacher, and for the next 3 months a lecturer and forum leader. It is up to us to put into our jobs every ounce of energy we have.

In a democracy it is our responsibility. We repudiate the very idea of an all-wise, all-powerful leader who will tell us what to do, and when, and how! That is the very thing we are warring against -- a Fuehrer. We -- common people -- going about our common jobs, must beat the authoritarian system -- or democracy dies. The Fuehrer can require that the individuals under his iron fist put out their best effort -- with a machine gun to enforce his orders! We, in the democracies, must depend upon the free will of free men to drive them to even greater efforts.

What do you suppose would have happened at Dunkirk -- if the hundreds of little fellows who ran the little boats of England back and forth--back and forth -- across the channel, for 4 incredible days and nights -- what would have happened to Britain if they had said, "What does Mr. Churchill expect us to do? Why doesn't he have Parliament pass a law -- telling us what is expected of us?"
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Those little fellows, in their ridiculous little boats, evidently decided that they had a personal responsibility -- that they themselves had something at stake in this war -- that the job was up to them. And they did a job that will be remembered as long as loyalty and personal bravery and individual responsibility are counted virtues among men!

So -- democracy must be saved, if it is to be saved, by the free will of free men who accept their own responsibilities, and do their own jobs, just a little better than any slave under the lash will ever do them!

We had a chance in 1920 to start on the job of building a democratic world community. We muffed it. We've got to go back to the conference table we left in 1920 -- if we want to save democracy for our community.

That is the only way. Back to the conference table, where we sit down with our neighbors, and thresh out our problems -- write our rules -- in democratic procedure.

That is the way the United States was born. When we won our independence we were not the United States; we were 13 free, sovereign, and independent States. Each had its own money system, its own army, its own laws of property and marriage and inheritance, in some cases its own State religion, and its own tests for citizenship.

But even then we were in process of becoming a community. Those forefathers of mine in Mecklenberg County, North Carolina, were raising cotton; and they were trading it for that fine whiskey produced by my wife's forefathers in Cumberland County, Pennsylvania. The trading was difficult when they used different moneys and different weights and measures and different tax systems and different rules of debt collection.

So, our forefathers sat about a table in Philadelphia that hot summer of 1787, drawing up the rules for a new human community -- the United States of America. Note what they did. First they said to the individual States, "Bring your guns in, and lay them on the table. War and peace are matters of common interest to everybody in the community. No one little group shall make war on another." The legislature of my State occasionally, as a humorous gesture of friendship, declares war on Oklahoma -- and everyone laughs. Well, that is funny -- like hoop skirts and upping blocks -- something quaint and old-fashioned that we have outgrown. Once, it was not quaint or funny.

Then our forefathers at Philadelphia said, "One money system, and one system of weights and measures for the whole community." Then the McGregors and Montgomerys of Mecklenberg, trading a bale of cotton for 3 barrels of Cumberland County whiskey, would know what they were getting; at least, they would know how much they were getting.

Then they said, "A citizen of Connecticut is a citizen of South Carolina, and he can go there and take his wife and his goods and his newspaper with him." In other words, goods and men and ideas can go across the borders. Can't we do the same sort of thing for our larger community today?

The Constitution of 1787 did not give us a perfect community in the United States. We had to fight a 4-year Civil War before we discovered finally that we were one community. But the Constitution did start us on the right road -- and we are still going right on down that road -- becoming a closer, more compact community, as modern technology makes that possible and necessary, and building a sounder, more decent democratic system as knowledge and good will increase.

That is what we can do now for our larger community. It is what we have got to do if we are to avoid being ground back into the slime of oppression and slavery under the chariot wheels of a totalitarian master.

Can it be done without war? No man can answer that question with confidence.

But I am willing to venture a prophesy! If the people of the United States could speak with one voice to the other groups of the western world, and if we would say, "All right, we are ready to come back to the table we left in 1920, we are ready to start the job of building a democratic world community -- one in which every smaller segment will have a decent chance at a decent life -- one in which every citizen shall have the largest possible area of basic human liberty and a chance to make a living for himself and his family"; then if we should say further, "now bring your guns and lay them on the table and we'll bring ours; and if anybody doesn't bring in his gun we'll come and get it," -- then I think they would come!

Isn't that about what Woodrow Wilson said in 1918? And, remember, the Kaiser was out of Germany before November 11! Hitler and his little group probably wouldn't come to the table, nor Stalin and his gang. But I wonder if the German and the Russian people would not take care of them --.

In the words of that East Tennessee Scotchman at Charlotte, "What are we waiting for?"

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ADDRESS

Claude R. Wickard, Secretary of Agriculture
June 13, 1941

Spike, and AAA friends: When I returned from Indiana last night I called Spike and asked him if I was expected to make some sort of a talk to this group. Now that put Spike on the spot a little bit, because of course he couldn't say no, and I of course was very anxious to have the opportunity of saying a few things to you that have occurred to me during the past several weeks and particularly during the past few days.

There was one thing that I got from Spike, as well as from everyone else with whom I talked last night, and that was that this was the best AAA conference that had ever been held, and, from some of the reports that I have had and some of the committee recommendations that I have seen, I don't think there is any question about it. So I want to congratulate you upon the splendid meeting and the very objective, statesmanlike way in which you have considered the problems which have come before you.

There was one other thing that Spike said which left an impression upon me too. He said that there had been a number of good speakers here during the conference and that practically all of them only took 5 minutes. He emphasized that two or three different times; I finally got the point. But after listening to the report that you have just heard and knowing about some of the other things, I have come to the conclusion that in reality it would take less than 5 minutes to say the things that are left to be said. But I do, as I said, have some things on my mind and I hope you will excuse me for taking a little more than 5 minutes to say them. I perhaps won't say anything new, I will just say them in my own way. These things will be rather rambling, perhaps disconnected, but I do want you to know that they come from the bottom of my heart.

First, I believe that the AAA perhaps has more things to be thankful for, more reasons to be happy this year than they have ever had before at a meeting of this kind. There are a lot of things that cause me to make that statement. Of course, first, farmers always think about the weather, and then they think about the prices that they have received for their products. Yields as a whole have been good during the past year. Domestic demand has been exceptionally good during the past year. Farm prices are much more satisfactory than they were a year ago. So AAA has a right to be proud of this better income that comes through farm prices, and, as I said, we have been blessed on the whole with good crops.

But there has been one other thing that has taken place. That has been the acceptance of the parity principle by Congress. Yes, Congress has given the farmer for the next year at least, parity for their crops, when we take into consideration the loan and the payments. That has been a long-sought goal and dream that has come true. I am happy that this acceptance has also been upon the part of the public as well as upon the part of Congress. The public has come to recognize that parity is a just goal for farmers. You don't hear very much criticism nowadays, at least, as compared with what we used to hear when we started talking about parity for farmers. Maybe the reason was that farmers had never received it before, had never received positive assurance at least that they would receive the benefit. But now

that we have realized it, I am glad to note that, for the most part, the public thinks farmers should have parity. I think that is no accident, that to me is a result of a good program, a program with the proper objectives and an efficient type of administration, that we have had a public acceptance of the parity principle and of that feature of the AAA program. So I rejoice in the acceptance by Congress of the parity principle.

Another thing has occurred and that is the fulfillment of a statement we have so often made, that we have a flexible type of program, a program that can be adjusted to any need. During the past few months we have had the opportunity to demonstrate to the country and to the public that farmers were willing and were able to make adjustments upward in production as well as downward in production. We have said that, you know, many, many times, but this year was the first real opportunity we had to prove it to the public, and I think perhaps that has helped in the acceptance of the parity principle -- the fact that the farmers of this country were not going to be so selfish as to state that they would not make an upward adjustment in production when necessary for the general welfare. And I am very, very happy to know that the AAA organization, the Extension people, and other branches in the Department of Agriculture, have entered wholeheartedly into this matter of food-for-defense.

I want to apologize because we did not have the opportunity, or at least take the opportunity, to discuss that program with farm people before we announced it. I think I can say there simply was not time from the standpoint that we had to have certain legislation, certain programs had to move along, and that all those things came at the planting season when the time had arrived and even was past due for putting in effect a program, but I do apologize for just one thing, that we did not see a little farther ahead some of the things that I can see so plainly now. And if we had, maybe we could have discussed these things even in some sort of a general way so that the announcement which was made on April 3 would not have been so much of a surprise to a large part of our farm people. I do apologize, as I said, for not having foresight to see much farther ahead than I did.

While I am apologizing, I hope you will pardon me for taking the credit for one or two things. I am not going to say that today's \$10 hogs in Chicago were directly the result of the Department's activities. Perhaps it might have come before today. I don't know, I doubt it. Perhaps it might have come later. I suspect that might have been true, but today hogs sold at a top of \$10 in Chicago. The thing I want to point out is this, that we told the farmers of this country, the producers of poultry products, pork products, dairy products, and certain other commodities, what we were going to do in advance and gave them an opportunity to cash in on it rather than let the speculators and the people who had the commodities in storage cash in on it. I don't know how many million dollars were saved by that announcement, but I am sure that the way hogs were going down to \$7, the way egg production and poultry production usually take place, that prices would perhaps have gone lower and lower rather than higher if we had not made the announcement on April 3.

Surely I can say without much fear of contradiction that we tipped off the farmers in advance so that they could benefit by the things we saw coming rather than letting them find it out after they had sold their peak production of poultry, of pork, of dairy products into other hands. I simply feel like somebody should

make that plain to the farmers of this country. An easy way would have been simple: to wait until such time that we really needed the products to ship to Europe and then start buying, but that time perhaps might not yet have arrived. What we did was to use the Commodity Credit Corporation funds to buy in advance to support the market at a peak production season.

There seems to me to be more acceptance of all Department of Agriculture programs today throughout the country than ever before, not just the AAA programs but all of the Department's programs. I made the statement to some people a while ago that we all quite naturally believe in our own particular part, the one that we are working so hard to make effective. It is a little difficult at times for us to see that the Department of Agriculture has a lot of different activities which must add up to one thing, and that is the general welfare of this country. I think people today throughout the Nation realize as they have never realized before that there must be national farm programs, that those programs must cover a lot of phases of agriculture, not just for the sake of the people who live on the land but for the sake of all the people.

I think at this time that we must necessarily be cautious to see that these successes that I have just named do not turn our heads aside from some of the objectives that we should keep in mind. We must not rely too much upon the public favor that we have already gained. We must seek to retain that favor. One thing that AAA people must do is to see that their farm programs are efficient in their operation, that the controls which are necessary to make parity prices or parity income possible be put into effect and kept in effect.

There are lots of things that I think we could do to change our program. One thing that I have in mind is to use the wheat and corn marketing quotas the same as the cotton and tobacco people do. Perhaps we should have them go into effect for 2 or 3 year periods. The farmers should know about them before planting season. Then I think no one can complain that he wasn't warned, and I think also we can have a better, more effective way of bringing acreage under control. I hope that the law is changed to provide for that sort of program.

In that connection, I don't want to forget to commend you people upon the favorable wheat referendum vote. Most of us, I think, thought that vote would attain a two-thirds majority necessary to put the quotas into effect, but we were very happy to know that four out of every five approved the wheat marketing quotas not only just because we thought wheat marketing quotas were necessary but because it was an indication that the farmers of the Midwest and the far West were ready to join hands with our farmers in the cotton and tobacco section to make real programs effective for agriculture. I was very much gratified by the vote. As I said, I want to commend you for it. Of course in some ways it looked for a little while as though Indiana and Ohio were going to be about like Maine and Vermont were a few years ago, but it was an indication that the farmers in the wheat region were in a position to say to their fellow farmers, "We are going to march shoulder-to-shoulder with you in making real control effective."

One word of caution that I would like to sound at this time is that farmers do not demand or ask for a program which in any way will get us away from good sound farming operations. We must realize that an efficient type of agriculture is just as valuable, or even more valuable, during these times of good prices and

good markets, than it has ever been before. We must not fail to keep up with the best practices, with the teachings of the Experiment Stations, and with the things that we know are for good farming operation; in other words, the effort and the efficiency of the individual is just as valuable as it ever was.

We also must not forget soil conservation. We cannot afford to make the mistakes made after the last war, that were made for decades before the last war, and that is the unlimited exploitation of soil resources that was going on at that time. To you and to me who are engaged in farming, it doesn't seem that that is so important until we think of the debt that we owe to posterity. It is a debt that we owe to our Government, to all of our people. Let's don't forget that soil conservation perhaps is one of the most important objectives of the entire program of the Department of Agriculture.

One other thing, it seems to me that we can make the changes that I have spoken about, and some others in addition, in our laws and in our program, and we can use the new income to its best advantage by seeing that soil conservation and aid to small farmers and things like that are put into effect. Then we are justified in saying that the parity income principle is one that we expect the consumers, the entire nonfarm population of this country to pay us in return. If we are going to supply the needed products and at the same time protect the soil, then farmers have a right to ask for the parity prices or parity income in one form or another, and that is why I said a couple of weeks ago at a press conference that I thought if the program could be changed slightly we should consider the 85 percent loan for next year's crops.

You see, wheat planting is only a few weeks away and I would like for the farmers of this country to know what is expected of them before they plant their wheat. I wish they had an opportunity to vote on marketing quotas before they plant their wheat. I wish they knew what their allotments were before they planted their wheat. I wish they knew what their loan program would be. The present act provides for 85 percent loan payment for only one year. It seems to me in this emergency, until we can find something better, we ought to continue with this type of legislation and this type of program. I hope that Congress takes steps in the near future to give wheat farmers and people planting crops for harvest next year that kind of assurance and that kind of program.

One thing that I want to mention, which was brought out by your report a while ago, is the necessity for farmers to keep their financial house in order. Now is the time to pay off the debts. Now is the time to build up the farms rather than to buy somebody else's farm and go in debt for it. Now is the time to fortify for the future, not that I dread the future but because that is just good national policy as well as individual policy. I say national policy from the standpoint of building up the soil, from the standpoint of farmers' being in the position where they can safely guide themselves through drought or something else that might come along.

I think that farm income during the next year is going to be several hundred million dollars higher than it was last year. I hope that we don't get too bullish when we do have good prices and good income and break out in any kind of speculative land fever as we have in the past when prices got too high or when

at least they became very favorable to farm operation. So let's always keep that work of caution before our farm people, keep on a sound financial basis. That is good advice any time but now is the time really to put that sort of advice into effect.

We must not forget the lesson we learned in the last war, that inflation is pleasant but deflation is terrible, that deflation will follow inflation. I think that farmers perhaps can lose more than any other group through inflation. It means buying a lot of things at high prices, incurring obligations at high prices and sooner or later paying them off with low prices. Too much inflation can wreck people, can wreck banks, and wreck homes. Farmers must realize that high prices, prices going into an increasing spiral, will bring about inflation.

That leads me to express one other word of caution, and that is, don't ask for more than parity. You have a perfect right, as I see it, to ask for parity. I am talking about a parity that is a just parity. Of course the parity period 1909-1914 brings about some rather inequitable parities; that is, soybeans, for instance; I think the parity price of soybeans is about twice that of wheat because soybeans weren't produced for agriculture commercially during the parity period. Parity is something farmers have a right to expect and demand. I said I thought the public owed it to the farmers if the farmers produced plenty to protect the public, to protect the United States and its allies. On the other hand, I think it would be very short-sighted policy for us, through one scheme or another, to ask for more than parity, because sooner or later you will lose the most valuable thing you have, and that is public favor. Don't forget that. Let's be fair, let's be practical, and let's say to the American public, "All we want in return for producing plenty is a fair price. That price has been named in law as parity. That income has been named as parity. That is all we ask. We are not under any circumstances going to demand more of the public if that requires, of course, public action."

Now I am not saying that we are going to start out by putting a lid of parity on every price. I spoke a while ago about \$10 hogs. I expect \$10 is parity, maybe a little above or about parity, but we had during this year \$7 hogs. I know because I sold some. I am talking about an average price. We have seasonal production, we have seasonal markets, we have various things that make it impossible to maintain a certain price, to have prices so that they can't go above or below a fixed point, but I am saying we must not expect to use Government powers or money or programs to permanently put prices above parity if we expect to retain the public favor that we now enjoy and that, in my estimation, is the most valuable accomplishment of the AAA and other activities in the Department of Agriculture.

I want again to emphasize the need for producing plenty. Now, certain people apparently have been very much concerned, and I run into them nearly every time I go out into the country. I told some people a while ago that somehow we in Washington get the idea that if we put out a press release or somebody makes a speech, that settles all the problems in people's minds, they are happy and satisfied and go along merrily, shouting "Hosannah". But I go out in the country and find something has happened, there must be some confusion some place, somebody misunderstood, something happened that people did not get the objectives we had in mind.

Now, I tried on two or three occasions, at least, to tell people over the country what we had in mind when we started in to increase production of certain commodities and why it was necessary. On several occasions, I made the statement that it is much better to have just a little too much than just a little too little. Yet I know, when I stop to think, actually in the past just that little too much has led to disastrously low prices, and I can see the viewpoint of the farmers and producers when they see the Government piling up some stocks of various products. They say those stocks are going to be there hanging over their heads and some day they will be released, some day the oversupply will come to haunt us when our prices are coming down -- somebody will get panicky and throw the stocks on the market. But at this sort of time, with the public in its present state of mind, with Congress showing the attitude it is showing, I don't have any fear that the accumulated supplies of products that we are asking for more of will be used to drive farm prices down below a fair parity level.

I also think that these high-protein foods, such as eggs and poultry and pork and dairy products, will some day be the most valuable weapon of peace that we could have in our possession. There are going to be, one of these days when the struggle is over, millions of people in the world who haven't had enough of these foods. In addition, there are still lots of people in this country who do not have a sufficient supply of these foods. I have made this statement so many times that I hesitate to repeat it, but nevertheless I think it is something you ought to keep in mind, that some of the airplanes and the guns, the tanks, and ammunition that we are now making may never be used, a lot of them will go out of style and be obsolete and old; but good, well-preserved foods are not going to go out of style. As I pointed out, they are going to be needed some place, some time.

I could see, if I let my imagination carry me into the future a little bit, how at the peace table, or even before, this supply of food, if we have it, will be our greatest national asset. In most of these protein and vitamin foods I don't see any surplus hanging over our heads. I am astonished at the demand that is developing. I am sure that our friends overseas underestimated their needs. There is no worry about surpluses of these foods. If there ever should be a so-called surplus of these foods, I can see what that means to hungry people here and abroad, so let's don't become too concerned about having too much, or suffering from the consequence of having too much. I think if we operate our programs in the attitude exemplified in this meeting in the resolution that Mr. Graham just read, Congress is going to say, "The farmers of this country have been fair, they have provided; we are going to see that they are not penalized for that kind of an attitude."

I have always maintained that the most important work to be done by the Department of Agriculture is education and, I might say, the development of leadership, farm leadership. But today, to my mind, it is more important than it ever was before. It is so important when democracy is meeting the challenge of the dictators. I think we forget about what democracy is, what it means. To some people it is a rather vague term. Why fight for democracy? Why do we say we will defend our democracy at any cost? Well, there are a lot of things about a democracy that appeal to freedom-loving people, of course. There is one thing that we all ought to remember, that in a true democracy people make the decisions,

and that is why it is so important that people have the facts, so that they can make the right kind of decisions. Perhaps everybody here has heard me say that I have the utmost faith in the wisdom of the American people in making decisions if they are given the proper facts. And that is where our duty is in the Department of Agriculture and Extension Service and AAA and every activity. Educational work must be foremost among our objectives. Now that is more important than ever before. I say that because I think this Nation faces its most critical period, at least since the Civil War.

So I ask that you people, all of you, in these times keep your people informed. Democracy is on trial. It is on trial now. Its future is at stake. Can it be efficient enough, alive enough, active enough to meet the challenge of the dictators? Does it offer enough in the future to make people willing to make the sacrifices that are going to be necessary to preserve democracy?

I said sacrifices. You know, the one thing that concerns me a little bit is that when I see businessmen -- when I see farmers sometimes, when I meet people -- I somehow get the idea they look upon this war effort as just an opportunity to cash in on some extra profit, not as an opportunity to preserve the American way but an opportunity to cash in on some extra profit. Sometimes they seem to feel that business will go on just as usual and that this defense effort we are making represents that much velvet, that much in addition.

Now I am not in any way asking anybody to make financial sacrifices that are not necessary. I know that you can't keep farmers in the business of producing when they are going broke in it. I know that from actual experience, as most of you know from actual experience. On the other hand, I think we must not let the immediate stake interfere with our vision, that we must remember that very probably there is going to be some sort of a new world order coming out of the present struggle, that in the future we are not going to have the good old days, either in business or in agriculture, as far as international trade is concerned. There is going to be a new order.

Now the question is, who is going to dictate the terms of that new order? Today millions of men in Europe are working for the Nazis, many of them at a great sacrifice physically and otherwise. Billions of dollars are being levied in tribute. Plans are being made to centralize the commerce and industrial activities of the world in Germany. I don't think anybody questions that. That is why the German people are willing to make the sacrifices they are making, that is why they are willing to pay half of their income in support of the Government, because the Government holds out to them that when this is over "we will dominate the world." They sing it in their songs, they believe it.

Now where does that leave us if that happens? Where will we come out in that kind of domination? Our economic freedom, social freedom, political freedom, all are at stake. So we have in this struggle a lot more than just the few extra dollars we may get out of some war effort. We have at stake the entire future of this country, these democratic institutions, and everything that we love so much. Let's not forget the main objectives. Let's not forget how much today's action, today's attitude, may mean in what happens tomorrow or next year.

I understand that you have had one or two representatives from Canada address you during this meeting. I am very happy about that. I am glad that there are certain things in the making that make it appear possible to have what we might call, for want of a better name, an international AAA, provided, of course that we, not somebody else, are in a position to make the plans when the struggle is over. That would mean a lot to farmers of the United States or Canada or Australia, or wherever they might be, South America or in other lands. I know that there are people who said you couldn't have an AAA on a national scale in 7 or 8 years. We demonstrated the fallacy of that argument, and I think that there is in this whole struggle an opportunity for an international type of program which will be similar to the AAA.

I also think that perhaps there may grow out of the struggle something akin to an international SMA as long as we have the productive powers in the Americas to feed and clothe hungry people. Why do we say it cannot be done any more than we say we are not going to feed and clothe the hungry people in this country? So maybe that is in the future, maybe that is something we all can have as a part of our hopes if democracy wins in this struggle.

It isn't just the international struggle that is going on which will tell whether democracy will be preserved. What are we doing and planning in this country to make democracy more attractive after the emergency passes? I feel most people dread, from one standpoint at least, the finish of this defense struggle because they say, "Business is going to crash, we are going back, we are going to suffer the headaches we always suffer after an increased activity of this kind." That has always been the order, I admit, but haven't we learned new methods and adopted new tools in the last 7 or 8 years? Can't we profit by the experiences, haven't we sufficient ingenuity somehow to turn our swords into plowshares so that all of our people will have a greater economic opportunity than they would otherwise have?

It seems to me that if democracy is worth the struggle, we must keep in mind that there must be, first, a greater economic, social, and spiritual opportunity for the whole country; and, second, that more people are given a better share of that total opportunity. We cannot expect to have the enduring sort of democracy if we permit one-third or more -- or less -- of our people to go underfed, poorly housed, without any opportunity to enjoy spiritual things, to have good education, to have better health. Those things must be brought about. It seems to me that we have to remember that good food, good clothing, shelter, and health are necessary.

And one other thing. I mentioned spiritual satisfaction. I would like to mention recreation. I think farm people, of all people, particularly need more recreation -- the right kind of recreation -- than they have enjoyed in the past.

And the thing I am going to say is this, that if we do have more of these things and they are made available to more people, it is going to keep the economic wheels turning. I think it is possible to use the American ingenuity and American resources through powers of government to bring this sort of thing about, and I think if we just simply set our will and our endeavor and resolution, we can accomplish that.

That is why I lose a little patience when people talk to me about the crash that is going to come afterwards. I don't know after just what; but when, as I said, this struggle is over, when our industrial activity, due to increased defense effort is over, I believe that there is a proper use of these things I mention, resources and ingenuity and government powers and opportunity to make this country a much better place for all its people than it ever has been before.

But one thing must be done, and that is we must continue the war on greed on an international scale or domestic scale. That must be done. I think most of our troubles in the past have come about from greed, just pure greed. Some of these acts of greediness have become so accepted we don't ever think about them, but you know as well as I know that there are a lot of people who make huge profits out of war endeavors, who want to see those profits go as far and buy as much as possible. That is why they are glad to see the crash come, so that the dollars they make out of these kinds of efforts do bring them what they think is greater benefit. I am here to say that there is no need for that sort of thing. I am also here to say that is going to be a more dangerous sort of program than it ever has been before. I don't believe the people of our country are going to stand for that sort of an attitude upon the part of the people who have profited, unduly perhaps in many cases, through the war effort.

Now, one thing in closing. We are going to try to keep you people informed of the facts as we see them. We have been somewhat criticized in the past that we are putting out propaganda. Maybe we have made some mistakes, maybe we have made some unwise statements, but I feel personally, as a member of the President's Cabinet, it is up to me to present to you, through the facilities of the Department of Agriculture, the facts as I see them. If I am in error then I am to blame, but I would feel even more to blame if I did not keep you informed at all. So we are going to continue to do as we have, try to bring you the information that we think is necessary for farmers to have in order to make the decisions that we make in democracy.

One more word. Don't forget to trust your leaders. I can say that because I was one of you and I don't consider myself as one falling into this category, I was one of you up until a few months ago. But don't forget Franklin Roosevelt, Henry Wallace, Spike Evans, and M. L. Wilson are still here ready to offer the same kind of leadership that they have given you before and that in the past they have made very few mistakes in offering you guidance and leadership.

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